

WSR 21-21-094
PROPOSED RULES
GAMBLING COMMISSION
[Filed October 19, 2021, 3:24 p.m.]

Supplemental Notice to WSR 21-13-165.

Preproposal statement of inquiry was filed as WSR 20-15-154.

Title of Rule and Other Identifying Information: New WAC 230-19-005 Sports wagering definitions, 230-19-010 Sports wagering vendors must ensure sports wagering vendor representatives are licensed, 230-19-015 Accounting records for sports wagering vendors, 230-19-020 Sales records for sports wagering vendors, 230-19-025 Sports wagering integrity, 230-19-030 Integrity monitoring provider requirements, 230-19-035 Sports wagering system requirements, 230-19-040 Geofence and geolocation requirements, and 230-19-045 Records retention for sports wagering vendors.

Hearing Location(s): On December 7, 2021, at 9:00 a.m., at Washington State Gambling Commission, 4565 7th Avenue S.E., Lacey, WA 98503. The meeting time and location will be posted approximately one week prior to the meeting on our website at www.wsgc.wa.gov. Select "The Commission" and then select "Public Meetings" to confirm the hearing date, location, start time, and agenda items.

Date of Intended Adoption: December 7, 2021.

Submit Written Comments to: Ashlie Laydon, P.O. Box 42400, Olympia, WA 98504-2400, email rules.coordinator@wsgc.wa.gov, www.wsgc.wa.gov, by November 29, 2021.

Assistance for Persons with Disabilities: Contact Julie Anderson, phone 360-486-3453, TTY 360-486-3637, email julie.anderson@wsgc.wa.gov, www.wsgc.wa.gov, by November 29, 2021.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: On March 25, 2020, Governor Jay Inslee signed HB 2638 authorizing sports wagering for Class III tribal facilities under terms negotiated in Tribal-state compacts, and adding or amending several sections of the Gambling Act giving the gambling commission the authority to adopt and/or amend rules needed for the state's regulation of sports wagering. The proposed rules create a regulatory framework for sports wagering consistent with the Gambling Act and Tribal-state compact amendments.

Draft language was initially filed under WSR 21-13-165. Changes from the initial language include: Revision of definitions and removal of language that is addressed in Tribal-state compact, such as information sharing, sports wagering system requirements, and sports wagering accounts.

Reasons Supporting Proposal: The proposed rules are designed to work in combination with each tribal gaming agency's regulatory authority to determine suitability for continued licensure of sports wagering vendors and bridge gaps in areas where Tribal-state compact amendments don't outline specific sports wagering vendor requirements, areas where more detail is necessary for enforcement, and areas where non-tribal sports wagering vendor-related activities may require information sharing.

Statutory Authority for Adoption: RCW 9.46.0364, 9.46.0368, 9.46.037, 9.46.038, 9.46.210.

Statute Being Implemented: RCW 9.46.0364, 9.46.0368, 9.46.037, 9.46.038, 9.46.070, 9.46.190, 9.46.240.

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: Washington state gambling commission, governmental.

Name of Agency Personnel Responsible for Drafting: Adam Teal, LLM, 4565 7th Avenue S.E., Lacey, WA 98503, 360-486-3475; Implementation: Tina Griffin, Interim Director, 4565 7th Avenue S.E., Lacey, WA 98503, 360-486-3546; and Enforcement: Gary Drumheller, Assistant Director, 4565 7th Avenue S.E., Lacey, WA 98503, 509-325-7904.

A school district fiscal impact statement is not required under RCW 28A.305.135.

A cost-benefit analysis is not required under RCW 34.05.328. A cost-benefit analysis is not required per RCW 34.05.328 (5) (a) (i).

This rule proposal, or portions of the proposal, is exempt from requirements of the Regulatory Fairness Act because the proposal:

Is exempt under RCW 19.85.025(3) as the rule content is explicitly and specifically dictated by statute; and rules adopt, amend, or repeal a procedure, practice, or requirement relating to agency hearings; or a filing or related process requirement for applying to an agency for a license or permit.

The proposed rule does not impose more-than-minor costs on businesses. Following is a summary of the agency's analysis showing how costs were calculated. The proposed rules are necessary for the effective regulation of sports wagering consistent with the Gambling Act and Tribal-state compact amendments. Recordkeeping requirements are required to determine suitability of continued licensure of sports wagering vendors and are common business practices and therefore unlikely to impose any additional costs.

October 15, 2021
Ashlie Laydon
Rules Coordinator

OTS-3116.5

**Chapter 230-19 WAC
SPORTS WAGERING**

NEW SECTION

WAC 230-19-005 Sports wagering definitions. Definitions for sports wagering used in the chapter are:

(1) "Integrity monitoring provider" means an independent organization licensed to receive and analyze data and reports of unusual wagering activity from a sports wagering operation for the purpose of assisting in identifying suspicious wagering activity.

(2) "Mobile device" means a portable electronic equipment used in mobile sports wagering, for example a smartphone.

(3) "Mobile sports wagering" means any sports wagering on a platform that is deployed and accessed through the internet or an application installed on a mobile device.

(4) "Sports wagering kiosk" means a self-service automated device used by patrons to make wagers on sporting events, obtain wagering information, redeem sports wagering vouchers and wagering tickets, and any other automated functions used for sports wagering.

(5) "Sports wagering system" means all equipment, hardware, data networks, communications technology, and software used in a sports wagering operation and that directly affect the wagering and results of sports wagering including, but not limited to:

(a) Interactive components, including all associated equipment and software that comprise the sports wagering platform used by a sports wagering operation or for online or mobile sports wagering;

(b) Sports wagering kiosks; and

(c) Ticket or voucher redemption devices.

This does not include a mobile device owned and used by a patron to place a sports wager.

(6) "Sports wagering vendor" means all three sports wagering license types: Major, mid-level, and ancillary identified in this chapter unless identified otherwise in these rules.

(7) "Sports wagering vendor representative" means all three sports wagering vendor representative types: Major, mid-level, and ancillary identified in this chapter unless identified otherwise in these rules.

(8) "Suspicious wagering activity" means unusual wagering activity that cannot be explained and is indicative of illegal activity including, but not limited to: Money laundering, match fixing, manipulation of an event, misuse of inside information, or other activity that is prohibited by federal, state, tribal, or local law.

(9) "Unusual wagering activity" means abnormal wagering activity or pattern of behavior exhibited by one or more patrons as a potential indicator of suspicious activity. Abnormal wagering activity may include, but is not limited to, the size of a person's wager or increased wagering volume on a particular event or wager type and/or other deviations readily apparent based on prior wagering history.

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NEW SECTION

WAC 230-19-010 Sports wagering vendors must ensure sports wagering vendor representatives are licensed. (1) Sports wagering vendors must ensure all sports wagering vendor representatives are licensed as required by rule.

(2) Sports wagering vendors must take all measures necessary to prevent an unlicensed sports wagering vendor representative from working in our state.

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NEW SECTION

WAC 230-19-015 Accounting records for sports wagering vendors. Sports wagering vendors must keep and maintain a complete set of re-

ords consistent with those kept by manufacturers and distributors as required by WAC 230-16-185 for their licensed activity in this state.

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NEW SECTION

WAC 230-19-020 Sales records for sports wagering vendors.

Sports wagering vendors must keep the following:

- (1) **Sales invoices and credit memos** - Document each sale of equipment or services, any return or refund, or any other type of transfer of sports wagering equipment in the state, with a standard sales invoice and credit memo. These records must include:
 - (a) The date of sale. The date of delivery must also be entered if different from the date of sale; and
 - (b) The customer's name and complete business address; and
 - (c) A description of each item sold, or service provided; and
 - (d) The quantity and price of each item; and
 - (e) The gross amount of each sale, including all discount terms and the total dollar amount of any discount.
- (2) **Sales journal** - Keep a monthly sales journal for transactions in the state containing, at least:
 - (a) Each date of sale; and
 - (b) Each sale invoice number; and
 - (c) The name of the person paying; and
 - (d) Sale categorized by the sports wagering goods, equipment, or services sold; and
 - (e) The total amount of each invoice.

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NEW SECTION

WAC 230-19-025 Sports wagering integrity. All sports wagering vendors and sports wagering vendor representatives, except for integrity monitoring providers, must:

- (1) Monitor for unusual and suspicious wagering activity; and
- (2) Promptly notify us, in the format we require:
 - (a) Upon any discovery of a violation or a suspected violation of chapter 9.46 RCW, this chapter, or other federal, state, tribal, or local statute, ordinance, administrative rule, or court order; and
 - (b) When unusual wagering activity or suspicious wagering activity is identified, including changes with the status of, or information related to, a previously reported unusual or suspicious wagering activity.

In the event the unusual or suspicious activity involves a tribal operator in Washington state, the sports wagering vendor or sports wagering vendor representative must promptly notify the appropriate tribal gaming agency; and

- (3) Provide sports wagering information to us, or to an integrity monitoring provider(s), designated by us, when requested. Information related to sports wagering activity at a specific tribal operator in Washington state will first be requested, by us, through that tribal

gaming authority pursuant to a tribal-state sports wagering compact amendment.

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NEW SECTION

WAC 230-19-030 Integrity monitoring provider requirements. Integrity monitoring providers must:

(1) Immediately notify us, in the format we require:

(a) Upon any discovery of a violation or a suspected violation of chapter 9.46 RCW, this chapter, or other federal, state, tribal, or local statute, ordinance, administrative rule, or court order; and

(b) When unusual wagering activity or suspicious wagering activity is identified, including changes with the status of, or information related to, a previously reported unusual or suspicious wagering activity.

In the event the unusual or suspicious activity involves a tribal operator in Washington state, the integrity monitoring provider must immediately notify the appropriate tribal gaming agency; and

(2) Have systems to receive and analyze sports wagering data and information to be able to monitor, identify, and report on unusual or suspicious wagering activity; and

(3) Provide us access to required sports wagering information to assist us with integrity monitoring and investigations; and

(4) Immediately notify us, and all other integrity monitoring providers, sports wagering operators, and all other agencies or organizations as directed by us, on any previously reported unusual wagering activity it finds rises to the level of suspicious wagering activity.

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NEW SECTION

WAC 230-19-035 Sports wagering system requirements. (1) Sports wagering vendors must be licensed before the sale or delivery of a sports wagering system(s) to be used in our state.

(2) All sports wagering systems must meet or exceed Gaming Laboratory International GLI-33: Standards for Event Wagering Systems, including appendices and amendments, and must be approved by the tribal gaming agency where the system is to be installed and operated.

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NEW SECTION

WAC 230-19-040 Geofence and geolocation requirements. (1) Mobile sports wagering must be contained to an approved tribal gaming facility premises as approved pursuant to each tribal-state sports wagering compact amendment. Sports wagering vendors will have geofence

and geolocation compliance and monitoring controls to ensure wagers cannot be placed in violation of federal, state, or tribal laws and rules.

(2) Geofence and geolocation systems must be maintained and capable of:

(a) Detecting and mitigating existing and emerging threats to the security of the geolocation system; and

(b) Verifying the patron or device location.

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NEW SECTION

WAC 230-19-045 Records retention for sports wagering vendors.

Where applicable, sports wagering vendors must retain the following records:

(1) For at least five years:

(a) Suspicious wagering activity; and

(b) Unusual wagering activity.

(2) For at least three years at the end of their fiscal year:

(a) All required accounting records;

(b) Sales invoices;

(c) Sales journals; and

(d) Credit memos.

(3) Data related to odds and line setting must be kept for at least two years.

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