

WSR 22-01-213
PROPOSED RULES
GAMBLING COMMISSION
[Filed December 22, 2021, 8:16 a.m.]

Supplemental Notice to WSR 21-13-165 and 21-21-094.

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

Title of Rule and Other Identifying Information: WAC 230-19-001 Purpose, 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 Integrity monitoring provider requirements, 230-19-030 Sports wagering system requirements, 230-19-035 Geofence and geolocation requirements, and 230-19-040 Records retention for sports wagering vendors.

Hearing Location(s): On February 10, 2022, 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: February 10, 2022.

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 February 2, 2022.

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 February 2, 2022.

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 and again under WSR 21-21-094. Changes to this draft include the addition of WAC 230-19-001 Purpose, amending the definition of "unusual wagering activity," removal of "sports wagering integrity" rule, clarification of integrity monitoring provider requirements, amending sports wagering system requirements, and amending of geofence and geolocation requirements.

Reasons Supporting Proposal: The proposed changes are to clarify the gambling commission's intent that chapter 230-19 WAC is consistent with tribal-state sports wagering compact amendments.

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; Implementa-

tion: 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.

December 17, 2021
Ashlie Laydon
Rules Coordinator

OTS-3116.8

**Chapter 230-19 WAC
SPORTS WAGERING**

NEW SECTION

WAC 230-19-001 Purpose. Tribes in Washington state have more than 20 years' experience with, and a proven track record of, successfully operating gaming in accordance with tribal-state compacts. Together, we and the tribes have a proven track record of successful regulation of gaming in accordance with respective tribal-state compacts.

Therefore, it is our intent that these rules reflect and honor the agreements in tribal-state compact. To the extent any rule in this chapter conflicts with the tribal-state compact of the tribe where the sports wagering is taking place, the sports wagering vendor must follow the tribal-state compact in furtherance thereof.

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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 and deemed by the sports wagering operation 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 records 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 Integrity monitoring provider requirements. Integrity monitoring providers must:

- (1) Immediately notify the appropriate tribal gaming agency in the event the unusual or suspicious activity involves a tribal operator in Washington state; and

(2) Immediately notify us, in the format we require, when suspicious wagering activity is identified, including a previously reported unusual wagering activity that rises to the level of suspicious wagering activity; and

(3) Immediately notify 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; and

(4) 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

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

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NEW SECTION

WAC 230-19-030 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, or equivalent alternative standards agreed to in accordance with tribal-state sports wagering compact amendment 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 230-19-035 Geofence and geolocation requirements. 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.

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NEW SECTION

WAC 230-19-040 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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