



Lottery Commission Meeting Minutes  
Thursday, June 17, 2021  
Conducted virtually via Microsoft Teams

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**Commission Member Attendees:**

Fred Finn, Commissioner  
Judy Giniger, Commissioner  
Valoria Loveland, Chair  
Eileen Sullivan, Commissioner  
Daria Willis, Commissioner

**Lottery Staff Attendees:**

Lance Anderson, Assistant Director of Sales  
Jim Bevan, SharePoint and Office Administrator  
Crystal Fischer, Chief Information Officer  
Jon Flores, Security Specialist  
Marcus Glasper, Director  
Gaylene Gray, Instant Product Manager  
Shar Hawley, Org. Perf. & Planning Administrator  
Josh Johnston, Deputy Director  
Ron Kessler, Director of Security and Licensing

Maria Lourenco-Douka, Director of Finance  
Debbie Porter, Administrative Assistant  
Stephanie Porter, Executive Assistant  
Maegan Reed, Procurement Specialist  
Debbie Robinson, Director of Human Resources  
Alex Satterlund, Chief Audit Executive  
Stacy Sund, Merchandising Specialist  
Randy Warick, Assistant Director of Marketing  
Kristi Weeks, Director of Legal Services

**Other Attendees:**

Scott Battishill, Curator  
Becky Bogard, IGT  
Amanda Breshears, Kalispel Tribe  
Kristie Christensen, Wunderman Thompson  
Rebecca Echols, Attorney General's Office  
Xiamara Garza, Curator  
Rebecca George-Kaldor, WA Indian Gaming Assoc.

Brent Ludeman, Gano and Associates  
Ryan Lyonnais, Wunderman Thompson  
Dan Miller, Curator  
Michelle Pinkley, Wunderman Thompson  
Andrew Scolaro, Scientific Games  
Shannon Struempf, IGT

**Call to Order:**

8:38 a.m. – Commissioner Judy Giniger called the meeting to order on behalf of Chair Valoria Loveland, who was experiencing technical difficulties.

Commissioner Giniger asked for a roll call of the Commissioners. Commissioners Fred Finn, Daria Willis, and Eileen Sullivan identified themselves as being in virtual attendance.

**Approval of Meeting Minutes:**

Commissioner Giniger entertained a motion to adopt the minutes of the April 22, 2021 Commission Meeting as presented.

Commissioner Finn **so moved** and Commissioner Willis **seconded**.

Commissioner Giniger called for a vote for approval of the minutes of the April 22, 2021 Commission Meeting. Ayes were unanimous. **Motion carried.**

**Director's Update:**

Director Marcus Glasper began by sharing that the National Association of State and Provincial Lotteries (NASPL) had its semi-annual business meeting last week. He is currently serving as the treasurer for the organization, and said 2020 affected NASPL much like it did for many other businesses and organizations. The pandemic caused them to cancel almost all of their conferences for 2020 and 2021, which normally generates revenue to support a large portion of their budget. Because of the cancelations, each state was asked to pay a \$5,000 assessment in addition to the normal NASPL dues for 2020. Director Glasper said they do not anticipate a need to do this for 2021 because of efficiencies, budget cuts, and other measures put in place. They hope to resume in-person conference in 2022.

Director Glasper next provided an update on the vaccine lottery promotion, and said everything is going well despite only having a couple weeks to get the program implemented. They held their second weekly drawing earlier this week, and he praised the lottery team and each division for stepping up and making everything come together in the short timeframe they were given. He specifically thanked Kathi Patnode, Cheryl Earsley, Randy Warick, Kristi Weeks, and Josh Johnston for their great leadership. He said there has been a lot of press and media interest and thanked Dan Miller from Curator for being a tremendous asset to the Lottery for those communications. There are still three more drawings, and although it has been a lot of work Director Glasper said it has also been exciting. He said the Lottery feels honored to play a small part in increasing vaccination rates so that Washington can fully reopen and people once again feel safe.

In addition to the vaccine lottery promotion, Director Glasper said they also had the Multi-State Lottery Association (MUSL) audit last week. These audits occur every two years to ensure the integrity of the Powerball and Mega Millions games. The audit covers controls in the gaming system on the vendor side, lottery internal control systems, and drawing processes. He said they held the exit conference with the MUSL audit team on Thursday and expect the final report in a few weeks.

Director Glasper said as the economy begins to reopen, the Lottery is working on their plan for returning staff to the office. They are targeting July 15th to complete the plan and share it with staff, with the hope of implementation around mid-August. He said although some staff are

anxious to get back into the office, many others are hesitant or have become comfortable and adjusted to working from home. He said the goal is to be as flexible as possible while continuing to meet business and organizational needs. A recent survey of Lottery employees found that almost 70% want to continue teleworking at least once a week. They feel they have the resources to do this effectively and continue to be productive. The survey also revealed employees want continued safety protocols, flexibility in returning given the unknown of schools, and to ease into the resumption of being in the physical work environment. Director Glasper said they used the feedback from staff to formulate the return plan and design it around a phased return to allow time to adjust for unintended consequences or roll backs, if necessary.

Director Glasper shared that last week for the first time in the Lottery's history, sales eclipsed \$900 million for the year. He said more details would be provided in the Sales and Marketing report later in the meeting, but the annual sales target was \$800.2 million, and there are still three weeks left in the fiscal year. The Economic and Revenue Forecast Council is scheduled to meet next week, and Director Glasper said the Lottery should receive their official FY22 target sometime after that. Considering the state of the economy in Washington and the expected results this year, he believes they are likely to see a substantial increase in next year's target.

Director Glasper said he was excited to announce the Lottery will be submitting their package in July to become certified at the next level in the National Council for Problem Gambling (NCPG) and NASPL Responsible Gambling Verification Program. There are three levels of the program: the Planning level, the Implementation level, and the Sustaining level. After two years of being at the Planning level, they look forward to being evaluated for certification at the implementation level. During the planning level, the team completed all project and program development work for the initiatives. The initiatives included employee and retailer training, establishing agency policy on responsible gambling, implementing the self-exclusion program, developing a dedicated page on the Lottery website for problem gambling resources, creating the tagline "Keep it Fun, Know Your Limit," and using it in marketing and advertising materials, as well as lottery products. Director Glasper said although all elements have been completed, implementation of certain activities, such as retailer training, have been delayed due to COVID-19. He said NCPG and NASPL will take those factors into consideration when they do the evaluation, and they expect to receive the results sometime this fall.

The Governor's Office and the legislature recently created the Office of Equity, and one of their top priorities is to develop a five-year equity strategic plan to increase access to equitable opportunities in Washington. Director Glasper said the Lottery, along with all state agencies, have the chance to participate in the plan's development. He said they plan to facilitate listening sessions to learn where the organization is on their anti-racism journey, identify opportunity gaps, and determine if the agency has any disparities and inequities that need to be eliminated. The Commissioners will also be invited to provide their feedback and wisdom for inclusion.

Lastly, Director Glasper talked about the August Commission Meeting which will take place in Spokane, provided there are no pandemic-related setbacks. He said they are planning to coordinate remote accommodations for people to join the meeting if they are unable to attend in

person. After the meeting they are hoping to host a grand opening event and tour of the Department of Imagination store at the NorthTown Mall. He said additional information will be forthcoming.

Commissioner Finn asked about unclaimed prizes in the vaccine lottery promotion. Director Glasper said for each drawing, alternate numbers are drawn for the cash prizes and they will contact the alternate winners after 72 hours if they are unable to reach the original winners. Any unclaimed noncash prizes that go unclaimed will rollover to the final drawing for individuals to win. Any prizes that remain unclaimed 72 hours after the final drawing will be returned to the organization it was donated from.

Commissioner Sullivan commented that she was very impressed with how quickly and efficiently Lottery staff were able to pull together the vaccine lottery promotion, and congratulated them on a successful implementation. Director Glasper thanked her and said he was also very impressed and proud of his team and the work they did in collaboration with the other state agencies involved.

During Director Glasper's report Chair Valoria Loveland joined the virtual meeting and resumed her role as Chair.

#### **Deputy Director's Update:**

Josh Johnston, Deputy Director, began by providing an update on the Powerball game. As previously reported, Powerball will be moving to a three day-a-week drawing which will occur Mondays, Wednesdays, and Saturdays. They will also be launching an add-on feature called "Double Play", which Josh said he would be presenting on later in the meeting. He said the project is moving along nicely and they are on schedule for a late August launch date.

Josh provided a status update on the Lottery initiative to accept debit cards at vending machines. In the 2020-2022 strategic business plan, the Lottery identified the use of debit cards at their vending machines as a key initiative and produced a white paper that showed the financial feasibility, within the Lottery's authority, and in the best interest of the Lottery and players. Negotiations on a contract amendment with IGT have been completed, a project manager with experience in financially related projects has been selected, and the project kick-off is planned for July. The project is planned to take about a year to fully deploy debit card capabilities at all Lottery vending machines. Josh said the Lottery is taking a responsible approach to accepting debit cards only, and will be implementing a limit on the amount a player can purchase on a card within a given period of time. The public will be made aware of the debit card purchase limitation through a formal, public policy statement and clear communication will be used on all vending machines.

Josh next shared information about three external audits the Lottery will be experiencing. Currently the State Auditor's Office is performing a regular accountability audit. The audit is focusing on payroll, cash receipts, contributions to the Washington Opportunity Pathways

Account, retailer commissions, accounts payable, and compliance with the Open Public Meetings Act. The period of performance they are looking at is from July 2017 to June 30, 2020. The Lottery is also undergoing an audit from the Health Care Authority, who has started an audit division to ensure compliance with the Public Employee Benefits Board program regulations. Josh said the Lottery was randomly selected to be among the first to participate in the new audit program, and the scope is focused on eligible and non-eligible employees to ensure the program is being appropriately administered. The third external audit is the Certified Annual Financial Review, which will begin in July and be performed again by the firm Eide Bailly. The audit will take two months, and is a lot of work for the Lottery Finance staff. Josh preemptively thanked them for the hard work ahead of them.

Josh wrapped up his remarks by sharing that in February 2020 the Lottery announced a small reorganization consolidating some divisions and creating a new office. The new Organizational Performance and Planning Office was designed to focus on agency prioritization, lean processes, project management, performance measures, and policies. Due to the pandemic, plans were delayed and the new office did not get established until August 2020. At that time, Shar Hawley was asked to step in as the Acting Administrator. Last month, after nine months in an acting role, Shar was offered the permanent position. Josh said she has done an amazing job and they are very pleased with the leadership she has brought to the new office.

#### **Legislative & Legal Services Update:**

Kristi Weeks, Director of Legal Services, began by sharing there have been 12 formal requests for public records and information since the April Commission meeting. Most of the requests focused on COVID-19 data and the vaccine lottery promotion. She said there have been no lawsuits, administrative actions, or annuity assignment cases in that time.

At the April Commission meeting, Kristi provided information about Mido, a courier service that was operating in Washington. Since then the Washington State Gambling Commission completed a swift investigation and concluded that Mido was conducting illegal gambling activities. They issued a Notice of Cease and Desist and Mido was given the option of voluntarily complying or facing formal legal action. They chose to cease operations and placed a message on their website to their customers which Kristi read to the Commissioners. In the message they asked participants to complete a survey and provide their perspective on how much Mido services were needed in Washington. Kristi said while Mido may collect and present those survey results to the Lottery at some point, currently she has not received any complaints or comments from the public related to Mido or the suspension of their services.

Kristi provided an update on the Voluntary Self-Exclusion program, and said the rules became effective on June 14th and are posted on the official Legislative website. The Lottery's dedicated webpage is ready to go live on July 1st, and they are preparing communications for the public and retailers. Kristi said there is no way to know how many, if any, people will take advantage of the new program but she is pleased they have now fulfilled the requirements of the statute.

Kristi also provided an update on the federal Wire Act issue, which has been ongoing for a few years. Previously she reported that the Court of Appeals upheld the lower court's ruling that the Wire Act applies only to sports wagering. This was the outcome state lotteries were hoping for, and the final day to request a discretionary review by the U.S. Supreme Court was June 15th. The Department of Justice (DOJ) did not file a request for appeal. Kristi said although the ruling was in favor of lotteries, it is technically only binding on to the states within the First Circuit. Washington's Lottery is in the Ninth Circuit, and for this reason a coalition of Attorney Generals from multiple states are drafting a letter to the DOJ. They are asking them to withdraw the opinion concluding the Wire Act applies to all forms of gambling. Our Attorney General has asked if the Lottery would support such a letter and Kristi indicated they would. She said she believes any real threat has passed and they can comfortably move on from this issue.

### **Financial Report:**

Maria Lourenco-Douka, Finance Director, presented the biennium 2021-23 budget for the Commission's review and approval. Washington's Lottery is required by Chapter 315-08-010 WAC to obtain the Commission's approval for expenses and contributions prior to the start of each biennium. Maria said the 2021-23 biennium budget presented is based on the March Washington State Economic and Revenue Forecast Council (ERFC) estimates, because the final numbers will not be available until the end of June. She will present the final ERFC numbers and the legislative approved appropriated amounts at the August Commission meeting. Maria discussed the breakdown of the biennium estimates for sales, expenses, non-operating revenue, and contributions.

Chair Loveland asked if the restricted funds released of unclaimed over \$10 million was based on a five year average. Maria confirmed that it was.

Chair Loveland entertained a motion to adopt the 2021-23 biennium budget as presented.

Commissioner Giniger **so moved** and Commissioner Finn **seconded**.

Chair Loveland called for a vote for approval of the 2021-23 biennium budget. Ayes were unanimous. **Motion carried.**

### **Powerball Double Play:**

Deputy Director Josh Johnson presented an overview of the new Double Play add-on feature for the Powerball game. With the purchase of a regular Powerball ticket, players may spend an additional \$1 for a second chance to match their numbers for a supplementary prize. Josh explained that approximately 30 minutes after each Powerball drawing, a second set of numbers will be drawn for the Double Play game. The jackpot for the add-on game is a static \$10 million and can be won in conjunction with, or separate of the regular Powerball game. The Double Play game will launch August 23, 2021, along with the Powerball's move to a three-day-a-week drawing.

Many of the Lottery's draw games include a selling bonus for retailers, and Josh provided information about each of the current amounts. A selling bonus is awarded to a retailer when they sell the winning ticket for that game. He explained the Commissioners are being asked to approve a Powerball Double Play selling bonus of \$20,000, which is in line with the other selling bonuses the Lottery currently have in place.

Commissioner Giniger asked if the proposed incentive is in line with what other states will be doing. Josh said they did not look at what other states will be doing, and only focused on the current selling bonus structure in Washington.

Chair Loveland entertained a motion to set a selling bonus of \$20,000 for the Powerball Double Play game.

Commissioner Finn **so moved** and Commissioner Giniger **seconded**.

Chair Loveland called for a vote for approval of the Powerball Double Play \$20,000 selling bonus. Ayes were unanimous. **Motion carried.**

#### **Sales & Marketing Update:**

Lance Anderson, Assistant Director of Sales, provided an update on the fiscal year 2021 sales. With the goal for the year set at \$800.2 million, he said they have surpassed that amount having reached \$890.6 million as of June 5th. He shared a breakdown of each Lottery game's performance so far this fiscal year, and everything other than Lotto and Powerball had exceeded their sales goals. He said this year's extraordinary sales are a result of hard work by the entire Lottery team and he expressed his gratitude and admiration for everyone's efforts despite the unique challenges faced during this fiscal year.

Randy Warick, Assistant Director of Marketing, began by talking about public relations and the positive news coverage the Lottery has received since the last Commission meeting. There were stories about a \$2.7 million Yakima winner who almost threw his ticket away, a \$75,000 scratch ticket winner in Olympia, and a repeat jackpot winner from Spokane. Randy next talked about some of the marketing they are working on for the Summer Cashfall promotion, Seahawks and Kraken scratch tickets, and the Powerball Double Play game launch.

The Summer Cashfall promotion will run July 4-31, 2021, and will give players a chance to win up to an additional \$10,000 with the purchase of \$5 in Lotto tickets, Sunday-Saturday. There will be four weekly drawings and they will advertise on gas station TV, and through social media and digital outlets. The Powerball relaunch and Double Play add-on feature begins August 23rd, and Randy said they plan to run the advertising program very similar to what they did with the Hit 5 game changes. The Seahawks scratch ticket will be launched on August 9th and Randy talked a little bit about the design of this year's ticket, which was done by Wunderman Thompson. The \$5 ticket will give players a chance to win \$50,000 instantly, and will allow non-winning tickets to be mailed in for a second chance drawing prize.

Randy provided a social media update and talked about the Imaginations Unite brand campaign and the great player engagement they are seeing with some of the puzzles and interactive posts on Twitter, Facebook, and Instagram. He also shared that Wunderman Thompson entered the Lottery's advertising spots into the state advertising awards and they won 13 ADDY awards. The gold ADDY awards made them eligible to enter into the Regional competition, where they won and have moved on to the national awards. Randy was happy to announce that they were just informed that Wunderman Thompson won a silver ADDY at the national level for last year's Seahawks campaign.

**Commission Report – Instant Ticket Artwork Review:**

Gaylene Gray, Instant Product Manager, presented new scratch ticket artwork for the Commissioners review and briefly talked about each one. The Commissioners did not have concerns with any of the presented artwork.

**Commission Business/Agenda Items:**

Chair Loveland asked if there was any other business that Commissioners wished to put forward or any suggestions for the next meeting agenda, which will be held on August 19, 2021 in Spokane. There were no agenda items or suggestions made.

**Public Comment:**

Chair Loveland asked if any members of the public wished to make public comment or voice any concerns. There were no comments made.

**Adjournment:**

10:18 a.m. – Chair Loveland adjourned the meeting.

The June 17, 2021 Lottery Commission Meeting Minutes were approved this 19 day of

June, 2021.  
August

Respectfully submitted,

  
Valoria Loveland, Commission Chair

  
Stephanie Porter, Executive Secretary