



STATE OF WASHINGTON
GAMBLING COMMISSION

"Protect the Public by Ensuring that Gambling is Legal and Honest"

**Statement of David Trujillo, Director,
Washington State Gambling Commission
Before the U.S. Senate Committee on Indian Affairs
Hearing on Safeguarding the Integrity of Indian Gaming**



Good Afternoon Chairman Barrasso, Vice-Chairman Tester and Members of the Committee. Thank you for inviting me to testify before you today. My name is David Trujillo and I am the Director of the Washington State Gambling Commission. As Director of the Gambling Commission I am responsible for implementing statewide gambling policy as directed by the Washington State Legislature and the members of the Washington State Gambling Commission. Our regulatory framework extends to charitable and nonprofit organizations and commercial businesses that are authorized certain gambling activities. We work in regulatory partnership with Washington Tribes in their operation of Class III gaming activities. We enforce criminal law concerning illegal gambling and related crimes statewide. I am proud to say that the Commission enjoys a strong and mutually respectful relationship with the twenty nine Tribes in Washington.

I'd like to share some background information with you so that you can place my testimony in context with my experience. I hold a Bachelor of Arts degree and a Bachelor of Science degree. I am a Certified Public Accountant licensed by the Washington State Board of Accountancy and a long serving ethics committee member of the Washington's Society of Certified Public Accountants. I am a graduate of the Washington State Criminal Justice Training Commission and hold various law enforcement credentials from that same agency.

Last year, I led my agency through Washington Association of Sheriffs and Police Chiefs third party accreditation process. In November 2014, the Commission received Accreditation demonstrating to the public that we are dedicated to operating under industry best practices and standards. Prior to my appointment as agency Director, I served in various positions throughout the agency including a Special Agent in Field Operations, Financial Investigations and Tribal Gaming Unit, Supervisor of our Criminal Intelligence unit, and Deputy Director in charge of Operations.

Of great significance to this hearing is that I have had the opportunity to work with Washington Tribal representatives for over two decades and can speak with experience to the current relationship we enjoy with Washington Tribes and how it has evolved to its present state.

The point of my testimony today is to comment on the June 2015 GAO on Indian Gaming Regulation and Oversight by the Federal Government, States, and Tribes.

Specifically, I will briefly discuss:

- 1) The cooperative regulatory partnership Washington State shares with Tribes; and
- 2) Washington's State – Tribal Gaming Compact process; and
- 3) GAO's recommendation that the National Indian Gaming Commission obtain input from states on its plans to issue guidance on Class III minimum internal controls standards.

The Cooperative Regulatory Partnership Washington State Shares with Tribes

The present relationship between the Tribes of Washington and the Washington State Gambling Commission enjoys is one that is grounded in Compact and is formal in nature. Specifically, the Tribe and State mutually agree that the conduct of Class III gaming under certain terms and conditions benefit the Tribe, and protect the citizens of the Tribe and State. In addition, both parties deem it in their respective best interests to enter into a compact. That agreement is, of course, between the highest official of the Tribal Council and the Governor of Washington State. Under certain terms and conditions, regulatory staffs of both governments do their best to implement that broad policy statement.

Our relationship has positively evolved over the years. Simply, in the early to late 1990s, our model was to apply our licensing/certification and regulatory programs in a uniform approach across the spectrum of Tribes, regardless of the various strengths of their regulatory staff, their regulatory approach, or the specific nuances of each Tribal Gaming Operation. This made it very easy for us to apply our program consistently statewide and was very cost beneficial for us.

The problem with that approach was that it was somewhat paternalistic in nature, did not encourage a coordinated regulatory approach and did little to respect the individual uniqueness of each Tribe. In the late 90s, we altered our licensing/certification program to incorporate the differences of each Tribal licensing process. No longer did we apply our licensing/certification process uniformly. Respectively, we created as many licensing/certification processes as we had compacted gaming Tribes as each Tribe had a hand in what was submitted to us. We discovered that instead of a cost savings benefit, we benefited from open discussion and dialogue and our approaches complement one another.

By 2005, we shifted our onsite regulatory processes similarly. We discontinued our singular onsite regulatory process to a process that also encourages open discussion and dialogue. At the beginning of each year, our regulatory staff meets with Tribal regulatory staff. Together both Compact enforcement teams discuss upcoming changes respective to that Tribe's gaming operations. Examples include specific types of gaming, risks associated with personnel changes, high risk areas may vary year to year, changes in electronic applications, etc.

We are still working through areas but I submit that public trust in Class III gaming in Washington State is stronger than it has ever been. This is directly reflective of the strong bond between the State and Tribes in the operation of Class III gaming.

Washington's State – Tribal Gaming Compact Process

In Washington State, authorization for gambling activities is found in the Revised Code of Washington. Specifically, the law requires that the Washington State Gambling Commission through the Director will negotiate Compacts on behalf of the State. Once a tentative agreement is reached, the Director will immediately transmit the proposed compact or amendment to all voting members of the Gambling Commission. Gambling Commissioners are appointed by the Governor for a term of six years. The law only allows Commissioners to be removed for inefficiency, malfeasance, or misfeasance in office, upon specific written charges filed by the Governor with the Chief Justice of the Supreme Court. For Tribal matters, voting members includes the Gambling Commission's ex-officio members. Two ex-officio members are from the Senate, one from the majority party and one from the minority party, both to be appointed by the president of the Senate. Two ex-officio members are from the House of Representatives, one from the majority political party and one from the minority political party, both appointed by the speaker of the House of Representatives.

Generally speaking, within thirty days of receiving a proposed compact or compact amendment, one standing committee from each house of the legislature shall hold a public hearing on the proposed compact and forward its respective comments to the Gambling Commission.

The Gambling Commission may hold public hearings on the proposed compact anytime after receiving a copy of the proposed compact or compact amendment. Within forty-five days, the Gambling Commission, including ex-officio members will vote on whether to return proposal for further negotiation or to forward the proposed compact to the Governor for review and final execution.

Through this complex process can the Governor, Legislators, Gambling Commissioners, and Tribes Leaders be assured that public policy is met, Class III gaming continues in a manner beneficial to all parties within the state, and citizens of Washington are protected.

The GAO's recommendation that the National Indian Gaming Commission obtain input from states on its plans to issue guidance on Class III minimum internal controls standards

In reviewing the GAO report, I was very pleased to see the number one recommendation was for the National Indian Gaming Commission to obtain input from state on its plans to issue guidance on Class III minimum internal control standards.

Washington State has had regulatory authorized gambling activities since 1973. We are the second oldest state gambling regulatory agency; only Nevada is older. We are very good at what we do, we have our finger on the pulse of gaming within the state and we have much to offer. We have established performance measures and we consistently challenged ourselves to be more effective, more efficient, and a better regulatory partner. Consulting with Tribes is part of the solution but I submit to you that consulting with state agencies is important also. We are all in this together so it stands to reason we should all be part of an all-inclusive solution when it comes to Class III gaming. Just as each Tribe is unique, so are the capabilities of state regulatory partners. The GAO report illustrates gaming compliance visits were scaled back in fiscal years

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2013 and 2014 due to sequestration. The report does not indicate any consultation with State officials as a reason for or for not conducting an onsite visit.

In conclusion, I can say without a doubt that the Tribes and State successfully monitor the terms and conditions of the Tribal-State compacts and the integrity of the Class III gaming in Washington is stronger today than in years past. In my estimation, the Tribes of Washington do an excellent and outstanding job of regulating gaming as required under the Indian Gaming Regulatory Act.

Thank you Mr. Chairman, Vice Chairman, and Committee members for the opportunity to appear before you today. I stand ready to answer any questions you might have.