

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Revocation of the License)
to Conduct Gambling Activities of:)
)
David Hodgin)
Maple Valley, Washington,)
)
Licensee.)
_____)

No. CR 2011-00145

**NOTICE OF ADMINISTRATIVE
CHARGES AND OPPORTUNITY FOR
AN ADJUDICATIVE PROCEEDING**

I.

The Washington State Gambling Commission issued David Hodgin the following license:
Number 68-13876, authorizing Card Room Employee activity, formerly at Silver Dollar Casino.

This license expires on July 15, 2011, and was issued subject to the licensee's compliance with
state gambling laws and regulations.

Jurisdiction of this proceeding is based on 9.46 RCW, Gambling, Chapter 34.05 RCW, the
Administrative Procedure Act, and WAC Title 230.

II.

Rick Day, Director of the Washington State Gambling Commission, charges the licensee with
the following violations of the Washington State Gambling Act, 9.46 RCW, and WAC Title 230:

SUMMARY:

Mr. Hodgin, while working as a Floor Supervisor at the Silver Dollar Casino, used a scheme
involving match play coupons¹ to defraud his employer. Mr. Hodgin took returned match play
coupons with customers' names on them and used them to his own benefit. He gave returned
match play coupons to other persons, with cash to place bets for him. As a result of Mr. Hodgin's
actions, the individuals incurred increased winnings, which Mr. Hodgin shared with them.

FACTS:

1) Silver Dollar Casino in SeaTac uses a Match Play Coupon System as a promotion for their
registered players. At the Silver Dollar Casino, match play coupons are mailed to customers, and
the customers' names are printed on the coupons designated for their individual use. Return mail
coupons are stored in the pit podium and given to the customer if they visit at the casino.

¹ Match play coupons are a common promotion in the gambling industry. Players use match play coupons when
they place bets on a gambling table. The coupon matches the amount wagered by the player. For example-a player
places a \$5 bet and a match play coupon on a blackjack betting spot on a gambling table. If the bet wins, the player
is paid \$10 on the \$5 bet.

2) On January 5, 2011, the General Manager of Silver Dollar Casino, Khristie Aman, contacted a Commission Special Agent (agent) and told the agent that one of their Floor Supervisors, David Hodgin, had been taking returned match play coupons and benefitting from them.

3) The General Manager told the agent that on January 2, 2011, Mr. Hodgin, while working as a Floor Supervisor, approached an off-duty cocktail waitress, Marah Parker, outside the card room and gave her two match play coupons and \$100. The match play coupons were issued to a specific player, Jose Cuevas, not Mr. Hodgin or Ms. Parker. Ms. Parker then went to a blackjack table and played three hands. Ms. Parker bet \$100 on the first hand with a Jose Cuevas coupon, and lost. For the second hand, Ms. Parker bet \$30 with a Jose Cuevas coupon and won. Ms. Parker played one more hand and bet \$15, which she lost. Ms. Parker then went to the cage and cashed out for \$75. Ms. Parker then gave Mr. Hodgin \$50 and kept the other \$25.

4) Ms. Aman explained that match play coupons have the player's name on them, with a bar code, and the named player is the only one who is supposed to use any given coupon. When a player presents a match play coupon at a table, the coupon is given to the floor supervisor. The floor supervisor takes the coupon, scans it, and two thermal copies of the coupons are created at the podium. Both thermal copies of the coupon have the player's name on them. One of the copies of the match play coupon is given to the player to be used at the table, and the other copy is forwarded to the accounting department. The coupons are later reconciled by the casino to follow customer use. The Silver Dollar player tracking system reflected that Jose Cuevas had not gambled at the casino since November, 2010. Ms. Aman ultimately terminated Mr. Hodgin's employment at Silver Dollar Casino as the result of his match play coupon fraud.

5) The agent reviewed video surveillance from January 2, 2011 and observed the following:

- a) A woman identified as Marah Parker used two match play coupons at a blackjack table.
- b) Ms. Parker played approximately four hands, walking away from the table with approximately \$75 in chips.
- c) Ms. Parker went to the cage and exchanged her chips for cash.
- d) Ms. Parker met Mr. Hodgin in front of the cage.
- e) Ms. Parker appeared to give Mr. Hodgin some of the cash she received from the cage.

6) Ms. Aman reviewed match play coupon play from various other dates with the agent. They observed another match play coupon in the name of Jose Cuevas played on January 4, 2011. The casino employee scanning signature on the match play coupon was Mr. Hodgin's. Mr. Cuevas did not gamble on January 4, 2011.

7) The agent interviewed Mr. Hodgin, and he told the agent:

- a) He had been taking returned match play coupons from the pit.
- b) He gave those coupons and cash to players and shared in the resulting winnings.
- c) Neither his name nor the name of the players he gave the coupons to matched the name on the coupons used.
- d) He used this scheme to defraud Silver Dollar Casino three or four times.

- e) He believed he lost on two occasions, and won on two occasions.
 - f) He started the fraudulent scheme in approximately October 2010.
 - g) He admitted he had more match play coupons in the name of others at his home.
 - h) He admitted to using Ms. Parker and dealer Andrew Vuong as players in his scheme.
 - i) Mr. Hodgkin provided a written statement admitting his fraudulent actions.
- 8) The agent met with Ms. Parker, and she told the agent:
- a) She was approached on January 2, 2011 by Mr. Hodgkin, who met her outside the card room after her shift and gave her \$100 and match play coupons.
 - b) She played multiple blackjack hands with the money and the coupons, cashing out with \$75.
 - c) She gave \$50 to Mr. Hodgkin, and kept the other \$25.
 - d) She provided a written statement admitting to these fraudulent actions.
- 9) The agent spoke to Mr. Vuong, and he told the agent:
- a) He was approached by Mr. Hodgkin in early December 2010, when Mr. Hodgkin asked Mr. Vuong to play match play coupons for him.
 - b) He told Mr. Hodgkin no, but Mr. Hodgkin continued to harass him about the issue. He saw Mr. Hodgkin saw as a supervisor and authority figure.
 - c) He later agreed to play for Mr. Hodgkin.
 - d) He believes he made three bets for Mr. Hodgkin over a three-day period.
 - e) On one occasion Mr. Hodgkin gave him \$50 and a match play coupon. On two other occasions, Mr. Hodgkin gave him \$75 and a coupon.
 - f) He gave all winnings to Mr. Hodgkin, and he tipped the dealer from the winnings.
 - g) He understood that his actions defrauded money from the Silver Dollar Casino
 - h) He provided a written statement admitting to these fraudulent actions.
- 10) Mr. Hodgkin caused players to fraudulently accumulate winnings through the match play coupon system. The players then redeemed the fraudulently accumulated winnings for cash, and in doing so, defrauded Silver Dollar Casino. Mr. Hodgkin personally benefitted financially from his scheme. Under RCW 9.46.190, Mr. Hodgkin engaged in an act, practice or course of operation that operated as fraud or deceit upon Silver Dollar.
- 11) Mr. Hodgkin's actions demonstrate that he knowingly caused, aided, abetted, or conspired with another to violate gambling rules and laws, and that he poses a threat to the effective regulation of gambling, or creates or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gambling activities. As a result of his actions, Mr. Hodgkin has failed to establish by clear and convincing evidence that he is qualified for licensure, in violation of RCW 9.46.153. Therefore, grounds exist to revoke David Hodgkin's license under RCW 9.46.075(1), (8), and (10) and WAC 230-03-085(1) and (8), and RCW 9.46.153.

VIOLATIONS:

RCW 9.46.075 Denial, suspension, or revocation of license, application, or permit

The Commission may deny an application, or suspend or revoke any license or permit issued by it, for any reason or reasons, it deems to be in the public interest. These reasons shall include, but not be limited to, cases wherein the applicant or licensee, or any person with any interest therein: (The following subsections apply.)

- (1) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the Commission pursuant thereto, or when a violation of any provision of chapter 9.46 RCW, or any Commission rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control.
- (2) Knowingly causes, aids, abets, or conspires with another to cause, any person to violate any of the laws of this state or the rules of the Commission.
- (8) Fails to prove, by clear and convincing evidence, that he is qualified in accordance with the provisions of this chapter.
- (10) Has pursued or is pursuing economic gain in an occupational manner or context which is in violation of the criminal or civil public policy of this state if such pursuit creates probable cause to believe that the participation of such person in gambling or related activities would be inimical to the proper operation of an authorized gambling or related activity in this state. For the purposes of this section, occupational manner or context shall be defined as the systematic planning, administration, management or execution of an activity for financial gain.

WAC 230-03-085 Denying, suspending, or revoking an application, license or permit

We may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization:

(The following subsections apply.)

- (1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.
- (8) Poses a threat to the effective regulation of gambling, or creates or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gambling activities, as demonstrated by: (a) Prior activities; or (b) Criminal record; or (c) Reputation; or (d) Habits; or (e) Associations.

RCW 9.46.190 Violations relating to fraud or deceit

Any person or association or organization operating any gambling activity who or which, directly or indirectly, shall in the course of such operation:

- (1) Employ any device, scheme, or artifice to defraud; or
- (2) Make any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statement made not misleading, in the light of the circumstances under which said statement is made; or

(3) Engage in any act, practice or course of operation as would operate as a fraud or deceit upon any person;
Shall be guilty of a gross misdemeanor subject to the penalty set forth in RCW 9A.02.021.

RCW 9.46.153(1) Applicants, licensees-Responsibilities, and duties-Waiver of liability- Investigation statement as privileged.

It shall be the affirmative responsibility of each applicant and licensee to establish by clear and convincing evidence the necessary qualifications for licensure of each person required to be qualified under this chapter, as well as the qualifications of the facility in which the licensed activity will be conducted.

III.

Jurisdiction of this proceeding is based on 9.46 RCW, Gambling, chapter 34.05 RCW, the Administrative Procedure Act, and WAC Title 230.

The licensee will have the opportunity to have a hearing on the alleged violations.

In order to have a hearing or discuss settlement options, the enclosed request for hearing must be completed and returned to the Gambling Commission **within 23 days** from the date of the mailing of this notice.

Based on RCW 34.05.440, failure to return a request for hearing will result in the entry of a default order REVOKING your license.

STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

Rick Day, being duly sworn on oath, says: That he has read this Notice of Administrative Charges and Opportunity for An Adjudicative Proceeding, knows the contents of it, believes it to be true, that he is the Director of the Washington State Gambling Commission, and in that capacity has executed said Notice.

Rick Day

RICK DAY, DIRECTOR

SUBSCRIBED AND SWORN TO before me
this 17 day of March, 2011.

Michelle M. Pardee

NOTARY PUBLIC in and for the State of
Washington residing at Lacey
My Commission expires on 6/16/2013



STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

I hereby certify that I have this day served a copy of the document upon all parties of record in the proceeding by mailing a copy thereof, properly addressed with postage prepaid, by regular and certified mail to each party to the proceeding or his or her attorney or authorized agent.

Dated at Olympia, Washington this 17 day of March, 2011

Maurice Proff

Communications and Legal Department
Washington State Gambling Commission