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STATE OF WASHINGTON  
OFFICE OF ADMINISTRATIVE HEARINGS  
FOR THE GAMBLING COMMISSION

GAMBLING COMMISSION  
COMM & LEGAL DIVISION

In the Matter of the Revocation of the  
License to Conduct Gambling Activities  
of:

JOHN COYLE  
Seattle, Washington,

Class III Employee.

OAH No. 2012-GMB-0044  
GC No. CR 2012-00454

CORRECTED INITIAL ORDER  
REVOKING GAMBLING LICENSE  
AND ALTERNATIVE DEFAULT  
ORDER

Administrative Law Judge John M. Gray conducted an administrative hearing in this matter on November 20, 2012, at the Gambling Commission Office, 4565 7<sup>th</sup> Avenue, Lacey, Washington.

Stephanie U. Happold, Assistant Attorney General, appeared and represented the Washington State Gambling Commission ("Commission"). Allen Esparza, Karen Rea, and Donna Khanhasa, Special Agents with the Commission, appeared as witnesses for the Commission.

John Coyle, the Licensee, failed to appear at the November 20, 2012, hearing. Because Cory Coyle's (a relative to John Coyle) name also appears in this Order, this Order will refer to John Coyle throughout by his full name.

On June 12, 2012, the Director of the Commission caused a Notice of Administrative Charges and Opportunity for an Adjudicative Proceeding ("Notice of Administrative Charges") to be issued against John Coyle. The Director alleged that John Coyle was the President and sole owner of Washington CRE Services, Inc., when the

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Director summarily suspended Washington CRE Service's service supplier license for operating Parker's Sports Bar and Casino's card room and pull-tabs without valid licenses. The Director also alleged that John Coyle was responsible for transferring player-supported jackpot ("PSJ") funds into Parker's payroll accounts, and for having had PSJ funds seized by the Internal Revenue Service and the Department of Revenue. The Commission served two copies of the Notice of Administrative Charges on John Coyle, postage prepaid, by regular and certified mail on June 12, 2012.

John Coyle filed his Request for Administrative Hearing with the Commission on July 3, 2012, twenty-one (21) days after service of the Notice of Administrative Charges.

The Commission issued the Notice of Hearing on August 8, 2012, to the Commission Staff and Attorney General's Office, the Office of Administrative Hearings, and to John Coyle, the latter to his last known mailing address at 7933 8<sup>th</sup> Avenue SW, Ste B, Seattle, WA 98106.

The Commission offered 42 exhibits, numbered 1 through 42, all of which were admitted without objection. John Coyle did not offer any exhibits.

Request For Corrected Order: The Office of Administrative Hearings issued an Initial Order in this matter on January 7, 2013. On January 22, 2013, the Commission filed a timely request for a corrected order requesting corrections to Findings of Fact No. 30, 42, and 45. After reviewing the Initial Order, I have corrected Findings of Fact No. 30, 42, and 45. All corrections are indicated by underlines and line-throughs.

The Administrative Law Judge, having considered the evidence, now enters the following Findings of Fact:

FINDINGS OF FACT

LICENSING ACTION BY THE COMMISSION:

1. The Commission issued a card room employee license to John Coyle. The license was a type 68, class B license. The license number was 68-30740. John Coyle's card room employee license expired on August 18, 2012. He has not filed to renew his license.

2. The Commission licensed Parker's as a house-banked card room and punch board/pull tab operator.

THE PARTIES AND CRE ACQUISITION OF PARKER'S AND SLAM DUNK:

3. John Coyle is an individual man. (For Findings of Fact No. 4 through 14, see Exhibit 11).

4. Parker's Sports Bar & Casino ("Parker's") is the public name of the 17001 Corporation.

5. Slam Dunk Entertainment, Inc. ("Slam Dunk") is the parent corporation of Parker's, and owns 100 percent of the shares in Parker's, both before and after February 3, 2012.

6. Washington CRE Services, Inc. ("CRE") possessed a service supplier license, no. 26-00307, issued by the Commission. CRE is owned 100 percent by John Coyle, who also serves as the president of CRE.

7. Before February 3, 2012, Geordie Sze was Parker's president. Mr. Sze was also the president of Slam Dunk, and he owned 90 percent of the shares in Slam Dunk.

8. David Reed owned the other 10 percent of the shares in Slam Dunk.

9. On February 2, 2012, the day before the transfers in ownership between the various entities, John Coyle and Cory Coyle signed an "option to purchase shares." John Coyle, as the 100 percent share owner of CRE, agreed to issue shares to Cory Coyle, at Cory Coyle's option, up to 99 percent of CRE's outstanding shares. In return for the option to purchase these shares, Cory Coyle agreed to pay \$25,000 to John Coyle. The option remained valid for up to five years from February 2, 2012. Cory Coyle paid the \$25,000 to CRE in a cashier's check dated February 2, 2012. Cory Coyle had not exercised any option for a transfer of shares in CRE at the time of this hearing. Exhibit 5.

10. On February 3, 2012, Washington CRE Services, Inc. ("CRE") bought all of Mr. Sze's shares (the 90 percent) in Slam Dunk. The sale between Mr. Sze and CRE was pursuant to a stock purchase agreement dated February 3, 2012, signed by John Coyle, in his capacity as president of CRE, and by Mr. Sze. The purchase price was \$25,000. The stock purchase agreement identified Mr. Sze as the seller and CRE as the buyer. Exhibit 7.

11. The February 3 sale transferred all of Mr. Sze's 90 percent ownership in Slam Dunk.

12. Mr. Sze resigned as a director and officer from both Slam Dunk and 17001 Corporation on February 3, 2012. Exhibit 9.

13. On and after February 3, 2012, Washington CRE Services ("CRE") owned the 90 percent of the shares formerly owned by Mr. Sze. Mr. Reed continues to own the other 10 percent of the shares in Slam Dunk.

14. Cory Coyle is the vice-president of CRE, but owns no shares of CRE. John Coyle and Cory Coyle are uncle and nephew, respectively.

15. The Commission summarily suspended CRE's service supplier license on April 10, 2012. Among other reasons, the Commission concluded that John Coyle was not a substantial interest holder in Parker's before the February 3, 2012, transaction, but became a substantial interest holder pursuant to the transfer. WAC 230-03-045. With the February 3, 2012, transfer of more than 50 percent of the shares from Mr. Sze, the Commission concluded that Parker's licenses became void and CRE operated as a gambling establishment without being licensed, violating WAC 230-06-108.

LACK OF NOTICE OF CHANGE IN OWNERSHIP TO THE COMMISSION:

16. Alan Esparza is a Special Agent employed by the Commission. He currently is assigned to the Financial Investigations Unit. He has nine and one-half years experience with the Commission.

17. Special Agent Esparza prepared Case Report No. 2012-00197 following his investigation of Parker's.

18. Donna Khanhasa is a Special Agent employed by the Commission. She works in the Financial Investigations Unit. Her job duties include conducting investigations

on license applicants both before and after the Commission issues licenses, conducting criminal background checks on applicants, and investigating the sources of funds.

19. Special Agent Khanhasa prepared Case Reports No. 2012-00454, 2012-00247, and 2012-00398.

20. On February 3, 2012, Mr. Sze was no longer an owner or officer in any entity involved with Parker's. CRE replaced Mr. Sze, and John Coyle was the sole owner of CRE.

21. CRE held a special meeting of its board of directors on February 3, 2012. The minutes of that special meeting showed that John Coyle held the offices of president, secretary, and treasurer of CRE. These minutes also show Cory Coyle as the vice-president of CRE. Exhibit 6.

22. Neither John Coyle, Cory Coyle, CRE, Slam Dunk, nor 17001 Corporation notified the Commission of the changes in ownership of CRE, Slam Dunk, or 17001 Corporation before February 3, 2012.

23. The Commission learned of the change in ownership when John Coyle submitted a form, titled Washington State Gambling Commission Authorized Signatures, dated February 5, 2012, in which John Coyle signed as the owner of Parker's. The form also identified Spencer Uno as the licensing contact person. John Coyle said nothing in the form about the sale from Mr. Sze to CRE, the resignation of Mr. Sze, or the role of Cory Coyle. Exhibit 3.

24. The Commission first learned of the changes in ownership and personnel of Parker's and Slam Dunk when it received the form (Exhibit 3). On February 7, 2012, Special Agent Esparza and Program Manager Keith Schuster spoke telephonically with John Coyle and learned about the transfer detailed in the Findings of Fact, above.

25. Parker's continued to operate as a house-banked card room and punch board/pull tab operator after the February 3, 2012, transfer of ownership.

26. John Coyle submitted a Notification of Stock Ownership Change, received by the Commission on March 5, 2012. In this Notice, John Coyle informed the Commission that Mr. Sze was the prior owner of Slam Dunk and that CRE was the new owner of Slam Dunk. The Notice contains this language in bold type on the first page of the Notice: "In accordance with WAC 230-06-107, the Gambling Commission must be notified of stock ownership changes within 30 days of the transaction close." The form shows the acquisition date as February 3, 2012. The signature appears to be the name or initials of John Coyle, identified further as the "president of Washington CRE Services, Inc. (90% owner)." Exhibit 17.

27. Someone submitted a form called "Request for Consent to Change (Management) to the Commission, received by the Commission on March 5, 2012. In the section marked "change of management," the former manager is identified as Mr. Sze and the new "management" as David Reed. John Coyle's name appears also, but is lined through. In the section for "change of manager," Mr. Sze appears as the outgoing manager and Spencer Uno as the new manager. The "effective date" is shown as

February 3, 2012. The form is unsigned. The person preparing the application is shown as Monty Harmon, consultant, and the date of preparation to be February 6, 2012.

Exhibit 18.

28. In a form titled "Disclosure of Corporate Officers/Stockholders" for the 17001 Corporation, also received by the Commission on March 5, 2012, Slam Dunk is identified as the stockholder of 17001 Corporation, and John Coyle as the chairperson of the board. The form does not mention CRE. The form appears to have been signed by John Coyle in his capacity as president of CRE. Exhibit 19.

29. In a form titled "Disclosure of Corporate Officers/Shareholders" for Slam Dunk, John Coyle is identified as the president and chairperson of the board, and the 100 percent stockholder. The form does not identify CRE as the 100 percent shareholder of Slam Dunk, but, instead, John Coyle. The form appears to have been signed by John Coyle in his capacity as president of CRE. Exhibit 20.

PLAYER SUPPORTED JACKPOT ("PSJ") FUNDS:

30. Karen Rea is a Special Agent employed by the Commission. She supervises four other Commission employees in the Commission's Renton office. ~~She oversees investments by licensees and has experience in the examination of licensees' financial documents.~~ She is in Field Operations and has experience examining licensees' financial documents. Her duties include records, audits, and compliance inspections.

31. Special Agent Rea prepared Case Reports No. 2012-00247-A01 and No. 2012-00398-A01 following her investigation.

32. Special Agent Rea is familiar with Parker's. She investigated aspects of Parker's financial activities, taking over an assignment from another Commission Special Agent who was unavailable due to the latter's surgery.

33. In February and March 2012, Mark Jones ("Mr. Jones") was Parker's Financial Manager.

34. Parker's operated player-supported jackpots ("PSJ"). The Commission defines a PSJ as "a separate contest of chance directly related to the play or outcome of an authorized non-house-banked card game." WAC 230-15-360.

35. Parker's maintained a PSJ account with the Bank of America, the account number ending in "0712." See, e.g., Exhibit 21.

36. Parker's maintained a general account with the Bank of America, the account number ending in "3417." See, e.g., Exhibit 21.

SEIZURES OF PSJ FUNDS BY TAXING AGENCIES:

37. On February 27, 2012, the Washington State Department of Revenue seized a total of \$5,174 (\$5,074 and \$100 as a "legal order fee") from Parker's PSJ account. The Department of Revenue seized these funds pursuant to a Notice and Order to Withhold and Deliver served upon the Bank of America, which held the PSJ funds.

38. After the Department of Revenue seizure, Mr. Jones restored \$2,375.40 to the PSJ account from Parker's cage, but not the full amount because Mr. Jones concluded the balance was owed to Parker's general account.

39. On March 12, 2012, the United States Internal Revenue Service seized a total of \$5,389.40 (\$5,289.40 and \$100 as a "legal order fee") from Parker's PSJ account. The account number from which the IRS seized the funds ended in 0712.

40. After the Internal Revenue Service seizure, Mr. Jones restored the money, plus an additional \$2,394, to the PSJ account from Parker's cage. He added the additional amount after first depositing an amount based only on the Prize Fund Accrual record.

41. Mr. Jones was concerned about the two taxing agency seizures on Parker's funds. On March 16, 2012, Mr. Jones procured a cashier's check from the Bank of America, drawn on Parker's general account. He first transferred \$7,683.40 from Parker's PSJ account into its general account. He withdrew \$11,526.30 in the cashier's check for the purpose of depositing it into a new account at a different bank, Banner Bank. However, Parker's never opened an account at Banner Bank, and, on March 25, 2012, Mr. Jones subsequently returned the money to Bank of America.

42. ~~On March 16, 2012, while Special Agent Rea and Keith Schuster, a program manager with the Commission, were present at Parker's, the City of Shoreline seized funds at Parker's, but not from the PSJ account itself. On March 16, 2012, Special Agent Rea and Special Agent Justin Chaput arrived at Parker's after the City of Shoreline seized funds at Parker's, but not from the PSJ account itself.~~

PSJ FUNDS – IRREGULARITIES:

43. On February 28, 2012, Mr. Jones transferred \$6,632 from the PSJ account at the Bank of America, account number ending in 0712, and placed it in Parker's payroll account.

44. On February 24, 25, and 26, 2012, Parker's should have deposited \$219, \$161, and \$96, respectively, into the PSJ account after paying the prizes (collections exceeded payout). Parker's made no deposits into the PSJ account on any of those three days. Compare, Exhibit 21, page 6, and Exhibit 27, page 1.

45. From March 1, 2012, through March 15, 2012, Parker's did not deposit PSJ funds into the PSJ account. ~~However, Parker's PSJ account (#0712) shows deposits and transfers into the PSJ account for those same dates in March 2012.~~ However, Parker's Prize Fund Accrual record shows deposits and transfers into the PSJ account for those same dates in March 2012. Mr. Jones was concerned about losing more PSJ funds to taxing agencies' levies if he did so. Instead, he kept the PSJ money at the cage. Compare, Exhibit 21, page 9, and Exhibit 27, page 1.

46. Parker's deposit accounts (Exhibit 21), PSJ accrual record (Exhibit 22), and the summary of Parker's PSJ prize fund accrual records and paid in/paid out slips (Exhibit 27) do not tally.

47. On March 21, 2012, Mr. Jones took \$7,683.40, which were supposed to be deposited into a new Parker's PSJ account, and, instead, deposited those funds into Parker's payroll account.

48. Also on March 21, 2012, Mr. Jones transferred the balance of the PSJ account (\$7,683.40) to Parker's general account (#3417) and procured a cashier's check in the amount of \$11,526.30. The cashier's check consisted of the full amount of PSJ funds and some other of Parker's funds. Mr. Jones intended to open a new account at Banner Bank and deposit the cashier's check in Banner Bank. He did not do so. Exhibit 21, page 9; Exhibit 26, page 1; Exhibit 28, page 1.

49. From March 16 to March 20, Parker's continued to keep the PSJ funds at the cage and did not deposit PSJ funds into the PSJ account.

50. On March 21, 2012, Mr. Jones deposited the cashier's check back into one or more accounts at Bank of America. However, none of the funds from the cashier's check were deposited into the PSJ account.

#### CONCLUSIONS OF LAW

From the foregoing Findings of Fact, the Administrative Law Judge now enters the following Conclusions of Law:

1. The Office of Administrative Hearings has jurisdiction to hear and initially decide this matter in an adjudicative proceeding. RCW 9.46.140; 34.05.413, 34.12.030(1), and WAC 230-17-025.

2. John Coyle held a card room employee license and is subject to RCW 9.46.075 and WAC 230-03-085. His license expired on August 18, 2012.

3. The Commission filed the Notice of Administrative Charges on June 12, 2012, John Coyle requested a hearing on July 3, 2012, and the Commission issued the

Notice of Hearing on August 8, 2012. The Office of Administrative Hearings continues to have jurisdiction to hear this case because it acquired jurisdiction before John Coyle's license expired. *Nims v. Bd. Of Registration*, 113 Wn. App. 499, 507, 53 P.3d 52 (2002).

4. The Commission has the broad purpose of protecting the public by insuring that those activities authorized by Ch. 9.46 RCW do not maliciously affect the public and do not breach the peace. RCW 9.46.010.

5. The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities by strict regulation and control. The Commission is required to closely control all factors incident to the activities authorized in Ch. 9.46 RCW, and the provisions of Ch. 9.46 RCW are to be liberally construed to achieve those ends. RCW 9.46.010.

6. The Commission bases its proposed revocation of John Coyle's gambling license on the provisions of RCW 9.46.075(1) and (8); RCW 9.46.153(1); and WAC 230-03-085(1) and (8).

7. RCW 9.46.075(1) provides that the Commission may suspend or revoke any license or permit issued by it, for any reason or reasons it deems to be in the public interest, including where the licensee "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[.]”

8. RCW 9.46.075(8) provides that the Commission may suspend or revoke any license or permit issued by it where the applicant or licensee “fails to prove, by clear and convincing evidence, that he, she or it is qualified in accordance with the provisions of [chapter 9.46 RCW].”

9. RCW 9.46.153(1) declares that “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[.]”

10. WAC 230-03-085(1) provides that the Commission may suspend or revoke any license or permit when the licensee (1) commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075[.]

11. WAC 230-03-085(8) provides that the Commission may suspend or revoke any license or permit when the licensee (8) poses a threat to the effective regulation of gambling, or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gambling activities, as demonstrated by prior activities, criminal record, reputation, habits, or associations.

12. Each licensee has an affirmative responsibility to establish, by clear and convincing evidence, his continuing qualifications for licensure. RCW 9.46.153(1). Each holder of a license issued pursuant to Ch. 9.46 RCW is subject to continuous scrutiny

regarding his general character, integrity, and ability to engage in, or associate with, gambling or related activities impacting this state. RCW 9.46.153(7).

13. John Coyle became the majority owner of Parker's in the February 3, 2012, stock transfer. Before the February 3, 2012, stock transfer, John Coyle was not a substantial interest holder in Parker's or Slam Dunk.

14. John Coyle became a substantial interest holder in Parker's and Slam Dunk as a result of that same February 3 stock transfer. A substantial interest holder is defined in WAC 230-03-045(1) to mean "a person who has actual or potential influence over the management or operation of any organization, association, or other business entity."

15. WAC 230-03-045(2) provides the criteria for determining whether a person is a substantial interest holder:

- (2) Evidence of substantial interest may include, but is not limited to:
  - (a) Directly or indirectly owning, operating, managing, or controlling an entity or any part of an entity; or
  - (b) Directly or indirectly profiting from an entity or assuming liability for debts or expenditures of the entity; or
  - (c) Being an officer or director or managing member of an entity; or
  - (d) Owning ten percent or more of any class of stock in a privately or closely held corporation; or
  - (e) Owning five percent or more of any class of stock in a publicly traded corporation; or
  - (f) Owning ten percent or more of the membership shares/units in a privately or closely held limited liability company; or
  - (g) Owning five percent or more of the membership shares/units in a publicly traded limited liability company; or

(h) Providing ten percent or more of cash, goods, or services for the start up of operations or the continuing operation of the business during any calendar year or fiscal year. To calculate ten percent of cash, goods, or services, take the operational expenses of the business over the past calendar or fiscal year, less depreciation and amortization expenses, and multiply that number by ten percent; or

(i) Receiving, directly or indirectly, a salary, commission, royalties, or other form of compensation based on the gambling receipts.

16. There is no evidence in the record as to whether Parker's, or any of the other entities, are publicly traded or not. There is also no evidence as to the flow of profits, or receipt of salary, from Parker's to John Coyle. Nonetheless, the evidence affirmatively shows that John Coyle is a substantial interest holder under subsections (a), (c), and (d) or (e).

17. Before the February 3, 2012, stock transfer, John Coyle did not own any shares in Parker's or Slam Dunk. As a result of the February 3 stock transfer, John Coyle acquired more than 50 percent of the shares in Slam Dunk; in fact, CRE, controlled 100 percent by John Coyle, acquired all of Mr. Sze's shares in Slam Dunk – 90 percent of the shares. WAC 230-06-108 provides that:

All gambling licenses held by a business will become void when the following changes in ownership occur and a new license must be obtained before operating any gambling activities:

(1) A person or business becomes the owner of more than fifty percent of corporate stock or limited liability membership shares/units, when the person or business did not have at least the following substantial interest in the business immediately before the transaction:

(a) Ten or more percent ownership in a privately held corporation or limited liability company (LLC); or

(b) Five or more percent ownership in a publicly traded corporation or LLC[.]

Thus, Parker's gambling licenses (for a house-banked card room and punch board/pull tab operator) became void as a matter of law pursuant to WAC 230-06-108. Once those licenses became void, Parker's could no longer lawfully operate a house-banked card room or punch boards and pull tabs. Nonetheless, Parker's did so operate and John Coyle, as the substantial interest holder and effective owner and operator of Parker's, operated those gambling activities in Washington State without valid licenses from the Commission.

18. WAC 230-06-105 places reporting obligations on licensees when there is a change in management. In the pertinent sections (that do not address charitable or nonprofit organizations), this rule provides:

(1) Licensees must report in writing changes made to their organization's management, directors, officers, or any other position that makes management decisions directly affecting the operation of their licensed gambling activity. We provide the forms to report these changes.

(2) If you are a commercial business licensee, you must report within thirty days.

The evidence is unclear as to who or which entity actually provided written notice to the Commission (see, Exhibits 17, 18, 19, and 20), but it is clear that John Coyle was the one man in charge of CRE, which controlled Slam Dunk, which controlled Parker's. The Commission received the forms (Exhibits 17, 18, 19, and 20) on March 5, 2012, which is the 30<sup>th</sup> day after February 3, 2012 (Sunday, March 4 is the actual 30<sup>th</sup> day, but the rules for counting time extend the deadline to the next business day, which was Monday, March 5, 2012). Although timely received, the forms are inaccurate. They do not disclose the

control of Parker's or Slam Dunk by CRE, and mislead as to the stock ownership of John Coyle as an individual. The evidence shows that John Coyle's stock ownership was confined to CRE, while CRE owned Slam Dunk, which in turn owned Parker's.

19. WAC 230-15-360 provides notice to all interested persons that there are limits on their possession of PSJ funds. That rule defines the term "player supported jackpot" to mean "a separate contest of chance directly related to the play or outcome of an authorized nonhouse-banked card game." Parker's had been a house-banked card room and had been authorized to "establish a prize fund to operate a PSJ for nonhouse-banked card games." WAC 230-15-360(1). In WAC 230-15-360(2), Licensees who establish PSJ for gaming:

- (a) [must] Collect funds from the players' wagers (the pot) for a separate prize; and
- (b) [must] Act only as the custodian of the PSJ funds, including any interest earned on this money; and
- (c) [must] Maintain no legal right to the funds, except for administrative fees; and
- (d) Must strictly account for all funds.

20. The Commission's administrative rule in WAC 230-15-400 informs licensees of their obligations to account for PSJ funds. That rule provides:

Class F or house-banked licensees must:

- (1) Maintain a separate bank account in a bank, mutual savings bank, or credit union in Washington state for holding player-supported jackpot (PSJ) funds; and
- (2) Deposit only funds from PSJs into the account; and
- (3) Not make payouts from the PSJ funds until licensees have first deposited the funds in the PSJ account. However, licensees may pay out prizes won during the gambling day and deduct administrative expenses before licensees deposit the funds; and

(4) Transfer or deposit the PSJ funds into the PSJ account or with an armored car service no later than the second banking day after the close of business; and

(5) Identify all deposits or transfers of PSJ funds by the type of PSJ fund and date of collection. Licensees must keep the validated deposit receipts or transfer information as a part of their required daily records or have on-line access to their player-supported jackpot bank accounts; and

(6) Transfer the amount from the PSJ account to the cage or general account before the end of the month if PSJ prizes are paid from the cage or general account. The licensee must keep the transfer information as part of the written records; and

(7) Reconcile the account balance in their bank statement to the PSJ prize balance on their PSJ fund accrual record each month. "Reconcile" means the licensee must compare the two balances, resolve any differences, and document the comparison and the differences in writing. Licensees must keep the reconciliation as part of their records.

21. The evidence shows repeated exercises by Parker's of control over the PSJ funds that exceeded its authority as custodian only of those funds. Mr. Jones moved PSJ funds to Parker's payroll account. He failed to deposit PSJ funds to the PSJ account no later than the second banking day after the close of business. At one point, he combined PSJ funds with other casino funds and obtained personal possession of all of those funds in a cashier's check for a number of days. Parker's record keeping frustrated the Commission's efforts to understand the flow of funds in and out of the PSJ account, Parker's general account, and the cage.

22. Mr. Jones also failed to protect PSJ funds from seizure by taxing agencies, and while the Bank of America was responding to legal process from the taxing agencies, Mr. Jones failed to make clear to the taxing agencies that the Parker's had no legal rights to the PSJ funds and that Parker's held the funds, in effect, as a trustee for the benefit of

the players. He failed to make clear to the taxing agencies that the PSJ funds were not Parker's money that could be seized to satisfy Parker's tax obligations.

23. Mr. Jones was Parker's financial manager. His acts are imputed to John Coyle, who was the owner, operator, and substantial interest holder in Parker's and Slam Dunk. Mr. Coyle either failed to exercise close supervision over the funds, or he approved of Mr. Jones' actions with regard to the PSJ funds.

24. I conclude that the Commission has met its burden of proving by a preponderance of the evidence that John Coyle controlled CRE, which owned Slam Dunk, which controlled Parker's.

25. I conclude that the Commission has met its burden of proving that John Coyle violated RCW 9.46.075(1) and (8) and WAC 230-03-085(1) and (8).

26. I further conclude that John Coyle failed to present clear and convincing evidence that he has the necessary qualifications to be licensed by the Commission, in large part because he simply failed to appear and testify at the hearing he requested.

27. RCW 34.05.440(2) provides in relevant part: "If a party fails to attend or participate in a hearing or other stage of an adjudicative proceeding . . . the presiding officer may serve upon all parties a default or other dispositive order, which shall include a statement of the grounds for the order." Therefore, in the alternative, the Licensee, John Coyle, is in default for his failure to appear for the November 20, 2012, hearing.

From the foregoing conclusions of law, NOW THEREFORE,

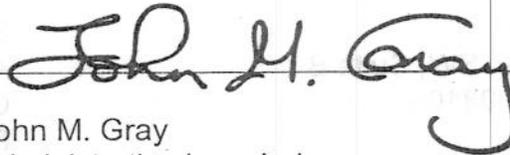
INITIAL ORDER

IT IS ORDERED That John Coyle's card room employee license, No. 68-30740. is REVOKED.

Alternatively, the Licensee, John Coyle, is in DEFAULT. A request that this order be vacated must be filed within seven days of service of this order, stating the grounds relied upon. RCW 34.05.440(3).

A request that the default order be vacated must be filed within seven days of service of this order, stating the grounds relied upon. RCW 34.05.440(3).

DATED at Olympia, Washington, this 21 day of ~~January~~ February, 2013.



John M. Gray  
Administrative Law Judge  
Office of Administrative Hearings

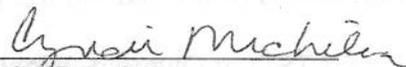
NOTICE TO THE PARTIES

Initial orders must be entered in accordance with RCW 34.05.461(3). WAC 230-17-085(1). An initial order becomes the final order unless a party files a petition for review of the initial order as explained in WAC 230-17-090. WAC 230-17-085(2).RCW 34.05.464 governs the review of initial orders. WAC 230-17-090(1).Any party to an adjudicative proceeding may file a petition for review of an initial order. Parties must file the petition for review with us within twenty days of the date of service of the initial order unless otherwise stated. Parties must serve copies of the petition to all other parties or their representatives at the time the petition for review is filed. WAC 230-17-090(2).Petitions must specify the portions of the initial order the parties disagree with and refer to the evidence in the record on which they rely to support their petition. WAC 230-17-090(3).Any party to an adjudicative proceeding may file a reply to a petition for review of an initial order. Parties must file the reply with us within thirty days of the date of service of the petition and must serve copies of the reply to all other parties or their representatives at the time the reply is filed.

WAC 230-17-090(4). Any party may file a cross appeal. Parties must file cross appeals with us within ten days of the date the petition for review was filed with us. WAC 230-17-090(5). Copies of the petition or the cross appeal must be served on all other parties or their representatives at the time the petition or appeal is filed. WAC 230-17-090(6). After we receive the petition or appeal, the commissioners review it at a regularly scheduled commission meeting within one hundred twenty days and make a final order. WAC 230-17-090(7).

### Certification of Mailing

I certify that I mailed true and correct copies of the **Initial Order Revoking Gambling License and Alternative Default Order** to the following parties, postage prepaid this 21 day of January February 2013 at Tacoma, Washington.

  
Cyndi Michelena  
Legal Secretary

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