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GAMBLING COMMISSION
COMM & LEGAL DEPT

STATE OF WASHINGTON
GAMBLING COMMISSION

GAMBLING COMMISSION
COMM & LEGAL DEPT

In the Matter of the Suspension of the License to)	
Conduct Gambling Activities of:)	NO. CR 2009-00542
)	
)	SETTLEMENT ORDER
Chipco International,)	
)	
Licensee.)	
_____)	

The Washington State Gambling Commission and the licensee, Chipco International, agree to this Settlement Order to resolve the administrative charges pending against the licensee. H. Bruce Marvin, Assistant Attorney General, and Arlene Dennistoun, Staff Attorney, represent the Gambling Commission. John Kendall, President, represents the licensee.

I.

The Washington State Gambling Commission issued Chipco International, 1281 Roosevelt Trails, Raymond, Maine, organization number 20-00125, the following license:

Number 20-00125, Authorizing Manufacturer Activity.

The Commission issued the license, which expires on September 30, 2009, based on the licensee's compliance with state gambling laws and regulations.

II.

On July 8, 2009, the Director, issued a Notice of Administrative Charges and Opportunity for an Adjudicative Proceeding to the licensee, Chipco International. The licensee received the administrative charges, and on July 28, 2009, Commission staff received the licensee's request for a hearing.

III.

The following is a summary of the facts alleged, and the violations charged in the Notice of Administrative Charges:

SUMMARY:

The licensee failed to ensure that an individual was licensed to provide representative services.

VIOLATIONS:

- 1) RCW 9.46.075(1) provides that the Commission may suspend any license when the licensee has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW, or any rules adopted by the Commission.
- 2) WAC 230-03-085(1) provides that the Commission may suspend any license when the licensee commits any act that constitutes grounds for suspending licenses under RCW 9.46.075.
- 3) WAC 230-16-001 provides that manufacturers, distributors, and gambling service suppliers and their licensed representatives must ensure that their business operations, services, and the gambling equipment they manufacture, distribute, or sell comply with chapter 9.46 RCW and Title 230 WAC.
 - WAC 230-03-300 requires manufacturer representatives to apply for a manufacturer's representative license if "you are employed by a licensed manufacturer to sell, promote, or provide that manufacturer's gambling equipment, or supplies, or you supervise those who do."

The licensee, Chipco, failed to ensure compliance with WAC 230-03-300 (requiring a manufacturer representative to apply for a license) by:

- a) Paying Ralph Bell in 2009 despite John Kendall's statement that no payments were made to Mr. Bell in 2009.
- b) Paying Ralph Bell the same compensation during Mr. Bell's licensed period (2002-2005) and his unlicensed period (2005-2009).
- c) Paying Ralph Bell sales commissions for orders of casino chips.

By allowing Ralph Bell to violate WAC 230-03-300, the licensee, Chipco, failed to ensure that their business operations and services complied with Commission rules. This conduct violated WAC 230-16-001, and grounds exist to suspend Chipco's license under RCW 9.46.075(1) and WAC 230-03-085(1).

IV.

- 1) The licensee, Chipco International, acknowledges reading the Notice of Administrative Charges issued on or about July 8, 2009. The licensee requested a hearing on July 28, 2009; however, the licensee has waived its right to a hearing based on the terms and conditions of this Settlement Order.
- 2) The licensee asserts that it cooperated fully with Commission staff, and that it had no knowledge Ralph Bell was not licensed to represent Chipco International. The licensee also asserts the following:

- a) Any lapse in Mr. Bell's licensure and any misrepresentations that it might have made about Ralph Bell, were inadvertent, rather than willful or intentional.
- b) The licensee has an employee who tracks the status of licenses for its manufacturer representatives; however, the status of Ralph Bell's license was inadvertently overlooked.
- c) The licensee has since instituted procedures, including checking the Commission's website and calling Commission Licensing staff, to ensure that it adequately tracks the status of licenses required in Washington State for any of its manufacturer representatives.

3) The licensee agrees to the following:

- a) Chipco International's manufacturer's license is suspended for **three (3) days**, provided that:
 - i. **Two (2) days** of the suspension will not be currently served, but are deferred for one year from the entry date of this Settlement Order, subject to the following: The licensee agrees not to violate any of Washington's gambling laws or rules during the one (1) year term. If the licensee violates these statutes or rules, and if the violation is the type that warrants the filing of administrative charges, then the Director may impose the **two-day** suspension of the current gambling license(s) and any subsequently acquired gambling licenses.
 - ii. The parties agree that the Director of the Washington State Gambling Commission has sole discretion to determine whether the licensee has violated any term of this settlement. In the event the Director determines that a violation of this settlement has occurred, he may suspend the license(s) issued to the licensee, and any subsequently acquired licenses, for up to **two days**, by mailing or delivering a Notice of Order of Administrative Charges to the licensee. This suspension shall be in addition to any consequences of the new violation. The licensee will have the opportunity to have an Adjudicative Proceeding, including a hearing on the alleged violations.
- b) Under RCW 9.46.077, the licensee has chosen to vacate the **remaining one (1) day** of this suspension by paying a fine in the amount of **three thousand, nine hundred and eighty-five dollars (\$3,985)**, which represents the Commission's investigative and administrative costs. Commission staff must receive payment by **September 22, 2009**. Payment must be **mailed** to Commission Headquarters at the following address:

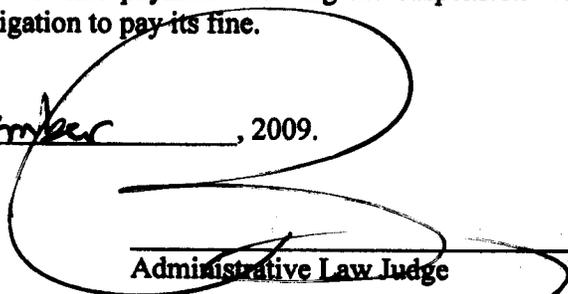
Washington State Gambling Commission
Attention: Communications and Legal Division – Fines
P.O. Box 42400
Olympia, WA 98504-2400

or **delivered** (in person or via private courier) to the following address:

Washington State Gambling Commission
Attention: Communications and Legal Division – Fines
4565 7th Avenue SE; Fourth Floor
Lacey, WA 98503

- 4) If the licensee makes its payment as agreed in Subsection IV, paragraph 2, this matter will be closed. However, if the licensee fails to timely make its payment, the Director may impose an additional two (2) day suspension for the late payment. Serving the suspension would not, however, relieve the licensee of its obligation to pay its fine.

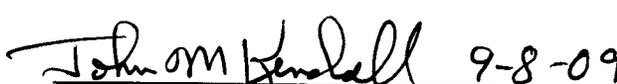
DATED this 23rd day of September, 2009.


Administrative Law Judge

APPROVED FOR ENTRY:

APPROVED AS TO FORM:

By the signature below, the licensee acknowledges reading and understanding this Settlement Order.


John Kendall, President (DATE)
Chipco International


H. Bruce Marvin, WSBA #25158
Assistant Attorney General,
Representing the Washington State
Gambling Commission


Arlene K. Dennistoun, WSBA #28760
Staff Attorney,
Washington State Gambling