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GAMBLING COMMISSION
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STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Revocation and Summary Suspension of the Licenses to Conduct Gambling Activities of: Parker's Sports Bar & Casino Shoreline, Washington, Licensee.	)	No. CR 2012-00398 CR 2010-00896 CR 2010-01377 **SETTLEMENT ORDER**

I.

The Washington State Gambling Commission and the licensee, Parker's Sports Bar & Casino, enter into this settlement to resolve administrative charges and an Order of Summary Suspension issued against the licensee. Stephanie U. Happold, Assistant Attorney General, and Arlene Dennistoun, Staff Attorney, represent the Gambling Commission. Joan K. Mell, Attorney, represents the Licensee.

II.

The Washington State Gambling Commission issued Parker's Sports Bar & Casino (Parker's), organization number 00-13542, the following licenses:

Number 67-00027, Authorizing Class "13" House-Banked Card Room Activity.
Number 05-07549, Authorizing Class "B" Punchboard/Pull-Tab Activity.

The licenses expire on September 30, 2012, and were issued subject to the licensee's compliance with state gambling laws and regulations.

III.

In case number 2012-00398, the Director issued an Order of Summary Suspension on April 12, 2012, directing the licensee to stop operating gambling activities immediately upon service of the Order. The Order also seeks to revoke Parker's licenses. On April 12, 2012, Commission staff received the licensee's request for a stay hearing. A stay hearing was set for April 19, 2012. The licensee has not yet requested an administrative hearing.

In case number 2010-00896, the Director issued a Notice of Administrative Charges and Opportunity for an Adjudicative Proceeding to the licensee on November 14, 2011. Commission staff received the licensee's request for a hearing on December 6, 2011. A pre-hearing conference was held on March 6, 2012, and a hearing set for June 20-21, 2012.

In case number 2010-01377, the Director issued a Notice of Administrative Charges and Opportunity for an Adjudicative Proceeding to the licensee on February 1, 2011. Commission staff received the licensee's request for a hearing on February 16, 2011. On July 22, 2011, the Director issued an Amended Notice of Charges. After numerous continuances, a hearing was held on January 10, 2012. A hearing to inform the Administrative Law Judge of additional facts is set for April 24, 2012.

IV.

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

Case number 2012-00398

The licensee has been operating a 13-table card room and punchboard/pull-tab activity without valid licenses, since at least February 3, 2012. Parker's Sports Bar & Casino's (Parker's) licenses became void after George "Geordie" Sze, owner, sold his interest in the business to a service supplier licensee.[1] Licenses can only be transferred in limited circumstances, none of which applies here. The licensed service supplier that bought Parker's has not applied for, and does not have a card room or punchboard/pull-tab license. The licensee has also transferred player-supported jackpot (PSJ) funds into its payroll account and has had PSJ funds seized by the Internal Revenue Service and the Department of Revenue.

VIOLATIONS:

1) **RCW 9.46.070** provides that the Commission shall have the following powers and duties: The Commission may authorize the Director to temporarily suspend licenses subject to final action by the Commission.

2) **WAC 230-17-165** provides as follows:
(The following subsections apply.)
(1) "Summary suspension" means immediately taking a license or permit from a person or organization which prevents them from operating or conducting gambling activities.

(2) The Commission delegates its authority to the Director to issue an order to summarily suspend any license or permit if the Director determines that a licensee or permittee has performed one or more of the actions identified in RCW 9.46.075 as posing a threat to public health, safety, or welfare.

(3) The Commission deems the following actions of a licensee or permittee constitute an immediate danger to the public safety and welfare:
(a) Failing or refusing to comply with the provisions, requirements, conditions, limitations, or

[1] The Director issued an Order of Summary Suspension against the service supplier, Washington CRE Services, Inc. (CR 2012-00247).

duties imposed by chapter 9.46 RCW or any rules adopted by the Commission; or
(i) Having pursued or 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.

(4) An order of summary suspension takes effect immediately on service unless stated otherwise in the order of summary suspension.

The licensee has been operating Parker's 13-table card room and punchboard/pull-tabs without valid licenses, since at least February 3, 2012. The licensee is operating Parker's under licenses that became void after its owner, George "Geordie" Sze, sold the business. The new owner of Parker's, WA CRE, has a service supplier license, but has not applied for, and does not have a card room or punchboard/pull-tab license. WA CRE and John Coyle have never owned or been a substantial interest holder of the licensee, and under these circumstances, transferring licenses violates WAC 230-06-108. Cory Coyle is the Vice President of WA CRE and has been involved with numerous licensed entities since about 2003. The licensee has also transferred player-supported jackpot (PSJ) funds into its payroll account and has had PSJ funds seized by the Internal Revenue Service and the Department of Revenue.

The licensee's actions constitute an immediate danger to public safety and welfare based on **WAC 230-17-165(3) (a)** and **(i)**, and are a basis for having the licensee immediately stop conducting gambling activities.

3) 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;

(7) Makes a misrepresentation of, or fails to disclose, a material fact to the Commission;

(8) Fails to prove, by clear and convincing evidence, that he, she or it 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.

4) WAC 230-03-085 Denying, suspending, or revoking an application, license
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; or

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level; or

(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.

5) RCW 9.46.160 Conducting activity without license.
Any person who conducts any activity for which a license is required by this chapter, or by rule of the Commission, without the required license issued by the Commission shall be guilty of a class B felony. If any corporation conducts any activity for which a license is required by this chapter, or by rule of the Commission, without the required license issued by the Commission, it may be punished by forfeiture of its corporate charter, in addition to the other penalties set forth in this section.

6) WAC 230-06-108 Ownership changes — Prohibited.
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; or

(2) The business is sold; or

(3) A sole proprietorship brings in a new person and forms a partnership, corporation or LLC; or

(4) A partnership adds another partner or changes partners; or

(5) A change in a person's ownership, together with ownership of any members of his or her immediate family, who are under the age of eighteen years of age, results in the person having more than fifty percent interest in the business when the person did not have at least the following substantial interest in the business: (a) Ten or more percent ownership in a privately held corporation or LLC; or (b) Five or more percent ownership in a publicly traded corporation or LLC.

The licensee has been operating Parker's 13-table card room and punchboard/pull-tabs without valid licenses, since at least February 3, 2012, in violation of **RCW 9.46.160.**

The licensee is knowingly operating Parker's under licenses that became void after its owner, Geordie Sze sold Parker's. Agents took statements from John Coyle, Geordie Sze and Mark Jones, made onsite visits, and reviewed purchase and sales agreements between Geordie Sze/Slam Dunk, and Washington CRE Services, Inc., and John Coyle. Cory Coyle ~~is~~ was WA CRE's Vice President and has been involved with numerous licensed entities since about 2003. WA CRE and John Coyle have never owned or been a substantial interest holder of the licensee, and under these circumstances, the licenses are void and the licensee's conduct violates **WAC 230-06-108.**

By continuing to operate Parker's without valid licenses, after an agent repeatedly advised WA CRE of Commission rules, the licensee has demonstrated willful disregard for complying with Commission rules. The licensee has also demonstrated that it 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 prior activities.

The licensee's continued operation of Parker's card room and pull-tabs since at least February 3, 2012, without valid licenses in violation of RCW 9.46.160 and WAC 230-06-108, demonstrates that the licensee is pursuing economic gain in a manner that includes the systematic planning, administration, management or execution of an activity for financial gain.

Based on the licensee's continued operation of gambling activities without valid licenses, there are grounds to revoke Parker's licenses based on RCW 9.46.075(1), (8) and (10) and WAC 230-03-085(1), (3) and (8).

7) WAC 230-15-360 Defining "player-supported jackpot."
"Player-supported jackpot" (PSJ) means a separate contest of chance directly related to the play or outcome of an authorized nonhouse-banked card game.

(1) Only Class F or house-banked licensees may establish a prize fund to operate a PSJ for nonhouse-banked card games.

(2) In PSJs, licensees:
(a) Collect funds from the players' wagers (the pot) for a separate prize; and

(b) Act only as the custodian of the PSJ funds, including any interest earned on this money; and
(c) Maintain no legal right to the funds, except for administrative fees; and
(d) Must strictly account for all funds.

8) WAC 230-15-400 Accounting for player-supported jackpot funds.
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.

9) WAC 230-15-390 Collecting an administrative fee on the player-supported jackpot.
Class F or house-banked licensees may collect an administrative fee of up to ten percent of the funds collected for a player-supported jackpot (PSJ). Licensees must deduct no other expenses from the PSJ account.

On February 24, and 26, and on March 3 and 25, 2012, the licensee failed to deposit PSJ funds into its designated bank account within two banking days as required by Commission rules. Mark Jones said they had placed PSJ funds into the cashier's cage and paid prizes from the cage, and then left the remaining $476 in the cage. This conduct violated **WAC 230-15-400(4).**

On February 28, 2012, while operating under licenses that became void after Geordie Sze sold the business, the licensee transferred $6,632 in PSJ funds into its payroll account. The licensee deducted expenses other than administrative fees. This conduct violated **WAC 230-15-360(2)(b)(c)** and **(d), and WAC 230-15-390**.

Between February 29 and March 7, 2012, the licensee withdrew $8,789 from its PSJ account that did not match the amount of prizes paid as listed on its prize fund accrual records. FOD agents were unable to determine the reason for the withdrawals. The licensee withdrew $2,385 on February 29; $3,171 and $2,662 on March 2; and $571 on March 7. This conduct violated **WAC 230-15-360(2)(b), (c)** and **(d)**.

On March 2 and March 9, 2012, the licensee deposited funds into its PSJ account that did not match funds collected as documented on its PSJ prize fund accrual records. FOD agents were unable to determine why the licensee deposited $119.50 on March 2, and $1,469, on March 9, into its PSJ account. This conduct violated **WAC 230-15-400(2).**

Between March 16 and March 25, 2012, the licensee did not maintain a separate bank account for PSJ funds, in violation of **WAC 230-15-400(1)**.

On March 21, 2012, the licensee, through Mr. Jones, took $7,683.40 of PSJ funds, and placed the funds into the cashier's cage for payroll. Mr. Jones later transferred funds from the payroll account into the PSJ account. This conduct **WAC 230-15-360(2)(b), (c)** and **(d), and WAC 230-15-390**.

The licensee failed to act only as custodian of funds, failed to properly account for PSJ funds, failed to keep a separate bank account for holding PSJ funds, failed to deposit only funds from PSJs into its PSJ account, and failed to deposit PSJ funds no later than the second banking day after the close of business. As a result of these violations, there are grounds to revoke Parker's licenses based on RCW 9.46.075(1), (8) and (10) and WAC 230-03-085(1) and (8).

10) RCW 9.46.170 provides that whoever, in any application for a license or in any book or record required to be maintained by the Commission or in any report required to be submitted to the Commission, shall make any false or misleading statement, or make any false or misleading entry or willfully fail to maintain or make any entry required to be maintained or made, or who willfully refuses to produce for inspection by the Commission, or its designee, any book, record, or document required to be maintained or made by federal or state law, shall be guilty of a gross misdemeanor subject to the penalty set forth in RCW 9A.20.021.

During the month of March 2012, while operating under licenses that became void after Geordie Sze sold Parker's, the licensee made false and misleading entries in PSJ prize fund accrual records. The records require licensees to fill in dates of "PSJ Bank Deposits;" however, no bank deposits were actually made, and instead, the licensee kept PSJ funds in the cashier's cage. This conduct violated **RCW 9.46.170**. As a result, grounds exist to revoke Parker's licenses based on RCW 9.46.075(1), (7), (8) and (10) and WAC 230-03-085(1), (3) and (8).

11) RCW 9.46.153(1) provides 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.

The licensee has failed to establish clearly and convincingly, as required by RCW 9.46.153(1), that it is qualified to be licensed. As a result, there are grounds to revoke Parker's licenses based on RCW 9.46.075(1), (7), (8), and (10) and WAC 230-03-085(1), (3) and (8).

Case number 2010-00896

The licensee committed the following violations:

- Allowed persons to conduct gambling activities without a license.
- Failed to disclose the material facts of changes in management.
- Repeatedly extended credit to patrons.
- Failed to keep complete records of all gambling related transactions.
- Failed to follow its card room internal controls.

VIOLATIONS:

1) RCW 9.46.075(1) provides that the Commission may suspend or revoke any license for any reason it deems to be in the public interest, including 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 or revoke any and all licenses of any holder, when the holder, or any other person with any interest in the holder commits any act that constitutes grounds under RCW 9.46.075 for suspending or revoking licenses, or commits any other act that the Commission determines constitutes a sufficient reason in the public interest for suspending or revoking licenses.

3) RCW 9.46.075(8) provides that the Commission may suspend or revoke any license for any reason it deems to be in the public interest, including when the licensee fails to prove, by clear and convincing evidence, that it is qualified in accordance with the provisions of this chapter. **RCW 9.46.153(1)** provides that it shall be the affirmative responsibility of each 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.

4) WAC 230-03-085(3) provides that the Commission may suspend or revoke any and all licenses of any holder, when the holder, or any other person with any interest in the holder has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level.

5) **WAC 230-03-085(8)** provides that the Commission may suspend or revoke any and all licenses of any holder, when the holder, or any other person with any interest in the holder, 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.

6) **RCW 9.46.160** provides that any person who conducts any activity for which a license is required by this chapter, or by rule of the Commission, without the required license issued by the Commission shall be guilty of a class B felony. If any corporation conducts any activity for which a license is required by this chapter, or by rule of the Commission, without the required license issued by the Commission, it may be punished by forfeiture of its corporate charter, in addition to the other penalties set forth in this section.

7) **RCW 9.46.180** provides that any person who knowingly causes, aids, abets, or conspires with another to cause any person to violate any provision of this chapter shall be guilty of a class B felony subject to the penalty in RCW 9A.20.021.

8) **RCW 9.46.185** provides that any person who knowingly causes, aids, abets, or conspires with another to cause any person to violate any rule or regulation adopted pursuant to this chapter shall be guilty of a gross misdemeanor subject to the penalty set forth in RCW 9A.20.021.

9) **WAC 230-15-158** provides that card game licensees must not allow any person to perform the duties of a card room employee until they have met our licensing requirements.

The licensee allowed Sam Wright, an unlicensed person, to play poker as a "propositional player," violating **WAC 230-15-158**. In addition, the licensee, through Rick Faoro, directed its Accounting Manager to pay Mr. Wright wages that were coded as "maintenance." By directing its Accounting Manager to pay an unlicensed card room employee, the licensee knowingly caused others to violate **RCW 9.46.160** and **WAC 230-15-158**, which in turn, violated **RCW 9.46.180** and **RCW 9.46.185**.

The licensee received two prior warnings for violating card room employee licensing requirements (allowed card room employees to work after licenses expired). Grounds, therefore, exist to suspend or revoke Parker's licenses under **RCW 9.46.075(1) and (8)** and **WAC 230-03-085(1), (3) and (8)**.

10) **RCW 9.46.075(7)** provides that the Commission may suspend or revoke any license for any reason it deems to be in the public interest, including when the licensee makes a misrepresentation of, or fails to disclose, a material fact to the Commission.

11) **WAC 230-03-085(7)** provides that the Commission may suspend or revoke any and all licenses of any holder, when the holder, or any other person with any interest in the holder, fails to provide us with any information required under Commission rules within the time required.

12) WAC 230-06-080(1) provides that a licensee must notify the Commission in writing if any information filed with the application changes in any way within thirty days of the change; and **(2)(b)** requires licensees to submit any new or updated documents and information, including the following: (b) All oral or written contracts and agreements which relate to gambling activities or alter the organizational structure of the licensee's organization or business activities in Washington.

13) WAC 230-03-210(1) provides that you must apply for a gambling service supplier license if you perform any of the following gambling-related services for compensation: **(a)** Consulting or advisory services regarding gambling activities; or **(b)** Gambling management services; or ...**(h)** Providing any other service or activity where influence may be exerted over any gambling activity licensed by the Commission.

14) A substantial interest holder is defined in **WAC 230-03-045(1)** as "a person who has actual or potential influence over the management or operation of any organization, association, or other business entity." **WAC 230-03-045(2)** provides that 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.

The following facts demonstrate that the licensee failed to disclose the material fact that Rick Faoro conducted service supplier activity that was unauthorized and unlicensed during the pending sale of Parker's to Seven Diamonds. In addition, the licensee failed to disclose the material fact of Mr. Faoro's unauthorized substantial interest in, and management of, the licensee's card room. The following facts also demonstrate that the licensee knowingly caused others to violate gambling laws and Commission rules:

a) Rick Faoro, said that while licensed as a card room employee, "I played poker three days a week; that's all I did." Mr. Faoro added, "I was linked there [at Parker's] so I could go everywhere and do anything." Mr. Faoro said he entered the licensee's cage, "one time because there was a Sonoma problem." Mr. Faoro was not listed in the licensee's internal controls as an employee authorized to enter the cage.

b) The licensee's then-General Manager, Michael McCarthy, relied on Rick Faoro to provide answers to the agent's questions about the use of propositional players.

c) Then-General Manager, Mike McCarthy, notified Rick Faoro that he had resigned.

d) Nancy Christopherson said Rick Faoro had ordered her to code Sam Wright as "maintenance," for payroll purposes, despite Mr. Wright's role at Parker's as a "propositional player." When Ms. Christopherson asked Mr. Faoro why she should code Mr. Wright as maintenance, Mr. Faoro replied, "Just do it." Ms. Christopherson said, "I do whatever Rick tells me to do." Ms. Christopherson said Mr. Faoro's role at the licensee's was "above the General Manager," and that Mr. Faoro was the "middle man" between the licensee and Tim Iszley.

e) Mark Jones, the licensee's Finance Manager, also relied on Rick Faoro to provide answers about the use of propositional players.

f) Craig Schweigert, a former General Manager said that while he worked as General Manager, Rick Faoro was, "at least the head of the poker room," and all poker managers reported to Mr. Faoro.

g) Mail Mai, a former General Manager, said Rick Faoro was the licensee's "clandestine GM."

h) During a meeting, Mr. Mai asked Tim Iszley who he (Mr. Mai) reported to, and Mr. Iszley said he reported to, and should direct all questions to, Keven Baumann. But when Mr. Mai contacted Mr. Baumann about an operational issue, Mr. Faoro told Mr. Mai, "You need to talk to me." Mr. Mai told Mr. Faoro that he had been instructed to report to Mr. Baumann, but Mr. Faoro replied that Mr. Mai must always report to him, and not to Mr. Baumann.

i) Mr. Mai said the licensee held monthly or weekly management team meetings, and Rick Faoro, Tim Iszley, Cory Coyle, and Keven Baumann usually attended. Mr. Mai was under the impression that Keven Baumann and Rick Faoro directly managed the card room.

j) Qiang Li, poker supervisor, said that Rick Faoro "has a lot of pull," that Mr. Faoro advised the poker room staff, that Mr. Faoro participated in "budget counseling, including PSJ schemes," and that once in a while, Mr. Faoro attended management meetings, "to get a general feeling of the games and the floor."

k) Steven Keyes, poker floor supervisor, said Rick Faoro was a "consultant with [Parker's] jackpot payout system, and he discusses payouts for high hand schemes."

l) Mr. Faoro said the licensee employed propositional players, and there were no unlicensed, paid poker players on the licensee's payroll.

m) Mr. Faoro said, "I did attend a few [Parker's management] meetings," and "offered suggestions for Monte Carlo and PSJ [player-supported jackpot] distributions."

n) Rick Faoro was not listed in the management structure of the licnesee's internal control documents.

o) The licensee did not have any payroll records showing Mr. Faoro was paid for card room employee duties.

p) The licensee paid $3,003 to reimburse Mr. Faoro for 780 miles of travel per month, which represented about three trips per week to the licensee's over a seven-month period.

The licensee failed to disclose that Rick Faoro was conducting service supplier activities that were unauthorized and unlicensed, while Mr. Faoro had only a card room employee's license, violating **WAC 230-03-210**. In addition, the licensee allowed Rick Faoro to have actual or potential influence over the management or operation of its card room, making Mr. Faoro an unauthorized and undisclosed substantial interest holder, as defined by **WAC 230-03-045(1)**. This conduct violated the disclosure requirements of **WAC 230-06-080(1)** and **(2)(b)**.

By allowing Rick Faoro to conduct unlicensed service supplier activity in violation of **RCW 9.46.160** and **WAC 230-03-210(1)**, the licensee in turn, violated **RCW 9.46.180** and **RCW 9.46.185**, by knowingly causing others to violate gambling laws and Commission rules.

The licensee received prior warnings after violating card room employee and service supplier rules. Grounds, therefore, exist to suspend or revoke Parker's licenses under **RCW 9.46.075(1), (7), (8)** and **WAC 230-03-085(1), (3), (7) and (8)**.

15) **WAC 230-06-005(1)** provides that licensees may accept a check in the place of cash from a player for authorized gambling activities if the check is fully negotiable when it is accepted; and **(2)(b)** provides that licensees must not accept checks from a player who owes the licensee money from a previous returned personal check; and **(3)** provides if licensees accept a check in violation of the provisions of this section, they are violating the rules against extending credit.

16) **WAC 230-15-155(2)(b)** provides if card game licensees choose not to use their guarantee service to pre-approve a particular check, licensees must prohibit persons who submitted NSF checks from submitting additional checks until the person pays the amount owed in full.

The licensee repeatedly extended credit to patrons by cashing patrons' checks that were not fully negotiable when accepted, and when such patrons owed the licensee money from previously returned personal checks. This conduct violated **WAC 230-06-005(1), (2)(b)** and **(3)**. The licensee violated **WAC 230-15-155(2)(b)** by choosing not to use their check guarantee service, and failing to prohibit patrons who submitted NSF checks from submitting additional checks until the patrons paid the amount in full.
The licensee received a prior warning letter in 2007, for extending credit. The licensee repeatedly violated the rules prohibit extending credit, including **WAC 230-06-005(1), (2)(b) and (3)**, and **WAC 230-15-155(2)(b)**.

The licensee has demonstrated willful disregard for gambling law and rules. The licensee 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 its prior activities.

Grounds, therefore, exist to suspend or revoke Parker's licenses under **RCW 9.46.075(1)** and **(8)**, and under **WAC 230-03-085(1), (3)** and **(8)**.

17) **WAC 230-15-730(1)** provides that house-banked card game licensees must keep and maintain a complete set of accounting records which we have approved before licensure. These

records must include all receipts and disbursements of the licensee, including, at least, those related to gambling activities; and **(2)** provides licensees must keep legible, accurate, and complete records of all transactions relating to the revenues, costs, and expenses of the gambling operation. Licensees must keep these records in a format that ensures consistency, comparability, and effective disclosure of financial information.

The licensee repeatedly failed to keep complete records of all transactions relating to gambling expenses. The agent found cage paid in and out slips that failed to show what was paid, why cash was paid out, and whether cash was actually paid in or out of the cage. This conduct violated **WAC 230-15-730**.

Grounds, therefore, exist to suspend or revoke Parker's licenses under **RCW 9.46.075(1)** and **(8)** and **WAC 230-03-085(1), (3)** and **(8)**.

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Parker's Sports Bar & Casino is not qualified to continue to be licensed based on owing $449,969.88 in state and federal taxes as shown by warrants and liens filed against it for taxes, interest, fees and penalties. As of June 21, 2011, the license owed a total of $603,865.48 in taxes, an increase of $153,895.60. Additionally, as of July 20, 2011, the licensee has failed to submit its 2010 financial statement that was due on June 30, 2011. The financial statement was originally due on April 30, 2011, but the licensee asked for, and was granted a 60-day extension until June 30, 2011. Despite the extension, the licensee failed to submit its 2010 financial statement, which is also a violation of a prior Settlement Order.

VIOLATIONS:

1) RCW 9.46.075 Denying, suspending, or revoking an application, license or permit. 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. These reasons shall include, but not be limited to, cases wherein the licensee or any person with any interest therein:
(The following subsection(s) 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.

(7) Makes a misrepresentation of, or fails to disclose, a material fact to the Commission.

(8) Fails to prove, by clear and convincing evidence, that he, she or it 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 purposed of this section, occupational manner or context shall be defined as the systematic planning, administration, management or execution of an activity for financial gain.

2) WAC 230-03-085 Denying, suspending, or revoking an application, license or permit.
We may deny, suspend, or revoke license or permit, when the licensee, or anyone holding a substantial interest in the licensee's business or organization:
(The following subsection(s) apply.)

(1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level.

(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 (d) Habits.

3) WAC 230-06-090 Report administrative and civil actions filed.
(The following subsection(s) apply.)

(2) Licensed organizations must report to us in writing within thirty days all civil and administrative actions that are filed by or against any manager of the licensed gambling activity, the business organization, or any person holding a substantial interest in the business organization. Actions include, but are not limited to:

(a) Divorces; and
(b) Bankruptcy; and
(c) Tax Liens; and
(d) Business dissolution.

(3) The report must consist of a complete copy of the original documents filed. Licensees must notify the commission of the final disposition of the case and include a copy of the final documents filed including, but not limited to, settlement agreements.

(5) We must receive a copy of the final written decision or settlement within thirty days after the case is resolved.

4) WAC 230-15-740 Preparing required financial statements
(The following subsection(s) apply.)

Filing with the commission.

(2) House-banked card game licensees must submit financial statements covering all financial activities of the licensees' business premises for each business year within one hundred twenty days following the end of their business year.

(3) We may authorize a sixty-day extension if a licensee submits a written request explaining the need for the extension.

5) 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.

By failing to pay its tax obligations, the licensee has filed to establish by clear and convincing evidence that it is qualified to be licensed, violating RCW 9.46.153. By its failure to pay taxes that resulted in state and federal liens, the licensee has pursued economic gain in an occupational manner which violates the civil public policy, and creates probable cause to believe that the licensee's participation in gambling would be inimical to the proper operation of gambling in this state.

In addition, the licensee has demonstrated willful disregard for rules and laws, and that it poses a threat to the effective regulation of gambling based on its prior activities or habits, by its failure to resolve federal and state tax liens filed against it, and by its history of administrative violations. The licensee also failed to notify the Commission of its tax liens in writing within 30 days, violating WAC 230-06-090.

The licensee has also failed to submit its 2010 financial statement, violating WAC 230-15-740, and a prior Settlement Order. The licensee's failure to submit its financial statement after entering into a previous Settlement Order for the same violation further demonstrates the licensee's willful disregard for rules and laws, and that it poses a threat to the effective regulation of gambling based on its prior activities or habits.

Grounds exist to suspend or revoke the licenses under 9.46.075(1), (7), (8) and (10), and WAC 230-03-085(1), (3) and (8). The Settlement Order violation also constitutes grounds to impose the twelve-day deferred suspension pursuant to the terms of the Settlement Order entered into in the matter of CR 2010-0460 and CR 2010-00789.

V.

The licensee acknowledges reading and understanding the facts and charges alleged in the Order of Summary Suspension and Notices of Administrative, and Amended Charges. While not admitting to the facts and violations specified in case numbers 2012-00398, 2010-00896, and

2010-01377, the licensee agrees that if the Gambling Commission established the facts in the cases at issue, there would be sufficient evidence of the violations as stated in the Order of Summary Suspension and the administrative charges.

The Commission alleges that the facts and violations specified in the three cases above constitute grounds for the revocation of Parker's Sports Bar & Casino's licenses to conduct authorized card room and punchboard/pull-tab activities under RCW 9.46.075 and WAC 230-03-085.

1) The licensee, Parker's Sports Bar & Casino, has waived its right to a hearing for all of three of the cases, and has agreed to surrender its licenses.

2) If Parker's Sports Bar & Casino reapplies, or if any applicant related or associated in any way with the licensee or the licensee's substantial interest holders applies for a license, they shall be required to establish, by clear and convincing evidence, that they are qualified to hold a gambling license.

3) If Parker's Sports Bar & Casino reapplies, or if any applicant related or associated in any way with the licensee or the licensee's substantial interest holders applies for a license, they will be subject to all the Commission's investigative procedures for processing an application for a gambling license. This includes staff's consideration of the facts and violations alleged in case numbers 2012-00398, 2010-00896, and 2010-01377.

4) No promises or assurances have been made that Parker's Sports Bar & Casino, or any applicant related or associated in any way with the licensee or the licensee's substantial interest holders will receive a license from the Commission should they reapply.

~~5) Parker's Sports Bar & Casino agrees to reimburse the Commission thirty one thousand, nine hundred and eleven dollars ($31,911), which represents the Commission's investigative and administrative costs.~~ JC.

~~**6) The signed Settlement Order, reimbursement for the Commission's investigative and administrative costs, and gambling licenses must be received by Commission staff no later than the stay hearing on April 19, 2012.**~~ JC.

DATED this 20th day of April, 2012.

John M. Grigsby
Administrative Law Judge

2010-01377, the licensee agrees that if the Gambling Commission established the facts in the cases at issue, there would be sufficient evidence of the violations as stated in the Order of Summary Suspension and the administrative charges.

The Commission alleges that the facts and violations specified in the three cases above constitute grounds for the revocation of Parker's Sports Bar & Casino's licenses to conduct authorized card room and punchboard/pull-tab activities under RCW 9.46.075 and WAC 230-03-085.

1) The licensee, Parker's Sports Bar & Casino, has waived its right to a hearing for all of three of the cases, and has agreed to surrender its licenses.

2) If Parker's Sports Bar & Casino reapplies, or if any applicant related or associated in any way with the licensee or the licensee's substantial interest holders applies for a license, they shall be required to establish, by clear and convincing evidence, that they are qualified to hold a gambling license.

3) If Parker's Sports Bar & Casino reapplies, or if any applicant related or associated in any way with the licensee or the licensee's substantial interest holders applies for a license, they will be subject to all the Commission's investigative procedures for processing an application for a gambling license. This includes staff's consideration of the facts and violations alleged in case numbers 2012-00398, 2010-00896, and 2010-01377.

4) No promises or assurances have been made that Parker's Sports Bar & Casino, or any applicant related or associated in any way with the licensee or the licensee's substantial interest holders will receive a license from the Commission should they reapply.

AD

~~5) Parker's Sports Bar & Casino agrees to reimburse the Commission thirty one thousand, nine hundred and eleven dollars ($31,911), which represents the Commission's investigative and administrative costs.~~

JS

~~6) The signed Settlement Order, reimbursement for the Commission's investigative and administrative costs, and gambling licenses must be received by Commission staff no later than the stay hearing on April 19, 2012.~~

AD

JC.

DATED this 1ST day of May, 2012.

for John Crary

Administrative Law Judge

APPROVED FOR ENTRY:
By the signature below, the licensee understands the terms and conditions contained in the settlement order.

4/18/12

JOHN COYLE ~~Geordie Sze, Owner~~ PRESIDENT (Date)
Parker's Sports Bar & Casino

APPROVED AS TO FORM:

4/19

Stephanie U. Happold
Assistant Attorney General
Representing the Washington State Gambling Commission

Arlene Dennistoun, WSBA #28760
Staff Attorney,
Washington State Gambling Commission

Joan K. Mell, WSBA #21319
Attorney, representing Parker's Sports Bar & Casino

APPROVED FOR ENTRY:
By the signature below, the licensee understands the terms and conditions contained in the settlement order.

4/18/12

HN Castle ~~Geordie Sze, Owner~~ PRESIDENT (Date)
Parker's Sports Bar & Casino

Arlene Dennistoun, WSBA #28760
Staff Attorney,
Washington State Gambling Commission

APPROVED AS TO FORM:

Stephanie U. Happold
Assistant Attorney General
Representing the Washington State Gambling Commission

Joan K. Mell, WSBA #21319
Attorney, representing Parker's Sports Bar & Casino

APPROVED FOR ENTRY:
By the signature below, the licensee understands the terms and conditions contained in the settlement order.

4/19/12

John Cole ~~Geordie Sze, Owner~~ President (Date)
Parker's Sports Bar & Casino

Arlene Dennistoun, WSBA #28760
Staff Attorney,
Washington State Gambling Commission

APPROVED AS TO FORM:

Stephanie U. Happold
Assistant Attorney General
Representing the Washington State Gambling Commission

4-19-12

Joan K. Mell, WSBA #21319
Attorney, representing Parker's Sports Bar & Casino