

STATE OF WASHINGTON  
GAMBLING COMMISSION

In the Matter of the Suspension or Revocation of )  
the Licenses to Conduct Gambling Activities of: )  
 )  
Z's Restaurant at Zeppoz )  
Pullman, Washington, )  
 )  
Licensee. )  
\_\_\_\_\_ )

NO. CR 2010-00962

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

I.

The Washington State Gambling Commission issued Z's Restaurant at Zeppoz, organization number 00-18777, the following licenses:

Number 67-00209, authorizing Class "9" House-Banked Card Room activity; and  
Number 05-19347, authorizing Class "A" Punchboard/Pull-Tab activity.

The licenses expire on March 31, 2011, and were issued subject to the licensee's compliance with state gambling laws and regulations.

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:

- 1) The licensee is owned by Palouse Recreation I, L.P. In March 2010, the licensee submitted a renewal application and answered "No" to a question that asked if the licensee received any new loans or cash/asset contributions over the license year, which individually or collectively exceed a total of \$10,000.
- 2) In April 2010, the licensee submitted its 2009 financial statements and reported that it received \$380,812 in cash contributions from the members of Palouse Recreation I, L.P. in 2009.
- 3) In May 2010, a Commission Special Agent (agent) requested that the licensee disclose the source of funds for each member that contributed cash to the licensee. As of September 30, 2010, the licensee has not disclosed or provided source of funds for the \$380,812 in cash contributions from Palouse Recreation I, L.P. members.
- 4) The licensee failed to disclose \$380,812 in cash contributions from Palouse Recreation I, L.P. members on its renewal application or when requested by the agent, in violation of WAC 230-06-080.

5) Previously on September 24, 2008, the licensee a received warring letter for failure to submit updated documents in violation of WAC 230-06-080. Also on September 4, 2007, the licensee received a warning letter for failure to submit financial statements on a comparative basis and not separating revenues for each licensed activity.

6) Therefore, under RCW 9.46.075(1) and (7), and WAC 230-03-085(1), (3), and (7), grounds exist to suspend or revoke Z's Restaurant at Zeppoz's licenses.

**RCW 9.46.075 Denying, suspending, or revoking an application, license 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.

**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.

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

(7) Fails to provide us with any information required under Commission rules within the time required, or, if the rule establishes no time limit, within thirty days after receiving a written request from us.

**WAC 230-06-080 Report changes to application information and submit updated documents and information.**

(1) Licensees must notify us in writing if any information filed with the application changes in any way within thirty days of the change.

(2) Licensees must submit to us any new or updated documents and information, including the following:

(a) Articles of incorporation or bylaws, or any other documents which set out the organizational structure and purposes; and

- (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; and
- (c) All cash or asset contributions, draws from lines of credit, and loans (except those from recognized financial institutions) during any calendar year which by themselves or totaled together are more than ten thousand dollars. Cash or asset contributions do not include donations to licensed charitable or nonprofit organizations; and
- (d) Internal Revenue Service tax deductible status of contributions for charitable and nonprofit organizations.

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 licenses.

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 for Players & Spectators, 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 1<sup>st</sup> day of OCTOBER, 2010.

*Cameron J. Baker*  
 \_\_\_\_\_  
 NOTARY PUBLIC in and for the State of  
 Washington residing at THURSTON COUNTY  
 My commission expires on 4-29-2014