

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 2011-00981

**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, 2012, 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, LP In March 2011; the licensee submitted a renewal application and answered "Yes" 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) As required by rule, the licensee submitted its 2010 financial statements in April 2011, and those records were reviewed by a Commission Special Agent (agent). The statements reflected that the licensee received \$165,094 total in multiple cash contributions from the individual members of Palouse Recreation I, L.P. in 2010. In conjunction with their application, the licensee submitted documents and information for only \$79,974 of the total contributions. This supporting documentation listed various capitol contributions, all of which were made more than thirty days prior to the licensee submitting their documentation in April.

3) Upon review, a Commission Special Agent (agent) requested that the licensee send information on all capital contributions that were made to the licensee in 2010, specifically including the missing records from the prior submission explaining the difference between the reported \$165,094 in cash contributions, and the \$79,974 documented contributions described

above. The licensee then re-submitted the previous packet, as well as additional information regarding the remaining \$85,120 in contributions, that was previously undisclosed. All of those contributions, when finally disclosed, were disclosed late.

4) Prior to this violation, in October 2010, the Director issued Administrative Charges against the licensee for similar violations of WAC 230-06-080 for failure to report cash contributions from the members of Palouse Recreation I, LP in 2009. In December 2010, the licensee settled that violation by agreeing to a three-day suspension with one day vacated and two days served.

5) On September 24, 2008, the licensee received a warning letter for failure to submit updated documents in violation of WAC 230-06-080.

6) The licensee failed to disclose \$165,094 in cash contributions from Palouse Recreation I, LP members on its renewal application within thirty days of receiving the cash contributions, in violation of WAC 230-06-080. This is the licensee's third violation of WAC 230-06-080 since 2008, and demonstrates the licensee's willful disregard for Commission rules.

7) 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(1) and (7) 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(1), (3), and (7) 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.

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STATE OF WASHINGTON)
COUNTY OF THURSTON)

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

Dated at Olympia, Washington this _____ day of _____

Washington State Gambling Commission
Communications and Legal Department



III.

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

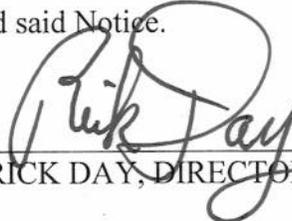
The licensee will have the opportunity to have a hearing on the alleged violations.

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, DIRECTOR

SUBSCRIBED AND SWORN TO before me
this 27 day of September, 2011.


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

STATE OF WASHINGTON)
) ss
COUNTY OF THURSTON)

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

Dated at Olympia, Washington this 28 day of September, 2011


Communications and Legal Department
Washington State Gambling Commission

