

license fees.¹ During their investigation of the NSF checks, agents found the licensee had operated without a valid license in September 2013 (because of the NSF check), and found other numerous violations.

(3) Agents found licensing staff had written to the licensee giving it until September 6, 2013 to resolve the NSF check submitted as payment for the license fees. In its letter to the licensee licensing staff explained to the licensee's owner, Lea Ann Servatius, if she failed to submit the license fees, she could not operate with an expired license. By September 9, 2013, licensing staff notified agents that the licensee had failed to respond.

(4) The following occurred on September 11, 2013:

- a) Agents went to Bumpers and asked Ms. Servatius whether she knew her license was not valid. Ms. Servatius replied she was unaware, and the NSF check must have been a bank error because she had recently changed her business account from one bank to another.
- b) Agents told Ms. Servatius she could not operate with an expired license. Ms. Servatius replied she would have an employee immediately disconnect power to each machine. Agents told Ms. Servatius she should not resume commercial amusement game activity unless the agents let her know her license to operate had been restored. Agents observed an employee disconnecting games and instructed the employee to disconnect the "crane" games.
- c) Later in the evening, at about 7:45 p.m., an agent returned to Bumpers and found all the games plugged back in and operating. The agent spoke to the Manager who explained he noticed some of the games turned off, so he turned them back on. He had not spoken with Ms. Servatius, and did not know the games were supposed to be closed. He told the agent he would unplug the games. The agent advised the licensee's Manager and another employee that Bumpers' license expired and they could not operate the games.

(5) Agents followed up with Commission licensing staff on the status of the licensee's renewal fees. The licensee had submitted a cashier's check but because the licensee submitted fees for a commercial amusement game license renewal and a new application for punchboard and pull-tab activity on Friday, September 13, 2013, staff needed to verify how the licensee wished to apply the funds.

(6) Licensing staff spoke with Ms. Servatius on Friday, September 13, 2013, and verified the funds applied to the commercial amusement game license renewal.

(7) The following occurred on September 16, 2013:

- a) At about 4:00 p.m., an agent arrived at Bumpers and found the amusement games operating. The agent spoke with Ms. Servatius' son, Spencer Servatius, who said games operated during the weekend. He was aware the license was not renewed.

¹ See CR 2013-01760

Spencer Servatius said his mother, Lea Ann Servatius, told him she sent in the required funds the preceding week, had spoken to someone at the Gambling Commission on Friday (September 13), and had been told she could resume normal operations since the funds were remitted.

- b) The agent spoke with the licensee's Manager, Sydney Servatius. She said she was aware they could not operate amusement games until the license was renewed, but her mother (Lea Ann Servatius) sent the required payment and was told they could resume operations. Sydney Servatius said the games were turned back on Friday, September 13. The agent told the Manager the machines could not be legally operated until the license had been re-issued. The agent watched as the machines were disconnected.
- c) The agent spoke with licensing staff who said she had not told the licensee it was okay to resume operation of the amusement games, but instead, had told her the renewal license would be processed on Monday, September 16.
- d) Before leaving the premises, the agent received a message that Lea Ann Servatius had called the Spokane office stating she had been told by licensing staff she could resume operating on Monday, September 16.
- e) At about 4:15 p.m., licensing staff verified with the agent that Bumpers' license had just been renewed.
- f) At about 4:45 p.m., Ms. Servatius told the agent she thought licensing staff had said on Friday (September 13) her license would be renewed by 11:00 a.m. on Monday (September 16), and she could operate amusement games. The agent reminded Ms. Servatius he had told her on September 11 she should not resume operating amusement games until agents contacted her. Ms. Servatius responded she did not recall the agent saying that.
- g) When asked when she had resumed amusement game activity, Ms. Servatius said on Monday (September 16). Ms. Servatius said amusement games were not operated between Friday and Sunday (September 13 – 15), and employees had placed paper signs on each of the machines informing customers the business was sorry that machines could not be operated until the gambling license was renewed. Ms. Servatius could not explain why two of her employees told the agents the amusement games operated over the weekend, because the amusement games were not operating.

(8) On September 19, 2013, agents met with Ms. Servatius and Zach Servatius (Ms. Servatius' son) at Bumpers to determine how the licensee determined income generated by the licensed amusement games versus unlicensed amusement games.²

² Unlicensed amusement games do not award prizes (non-redemption games) and do not require a license, while the other skill-based amusement games do (redemption games).

- a) Ms. Servatius said she based her income estimates on the amount of currency she removed from a quarter changing machine and point of sale (POS) records related to the sale of amusement game tokens.
- b) Because Ms. Servatius offered customers discounts of up to 20 percent on tokens based on the tokens bought, agents noted the number of tokens removed from a machine might not represent accurate income generated by those machines.
- c) Ms. Servatius said she did not understand most bookkeeping aspects of the business and relied on A.P.E. Bookkeeping to handle income records for Bumpers. Ms. Servatius said Shelley Pedersen at A.P.E. Bookkeeping handled the income statements for Bumpers. Ms. Pedersen's daughter came on site at Bumpers most weekday afternoons to input daily records used by Ms. Pedersen to complete monthly statements. The agents requested bank statements from Ms. Servatius.

(9) On October 7, 2013, agents met with Ms. Servatius, Zach Servatius, and Shelley Pedersen of A.P.E. Bookkeeping. The agents wanted to review how the licensee determined amusement game income. The following occurred:

- a) Zach Servatius showed the agents a spreadsheet that recorded the quarters, versus tokens collected from amusement games. Zach Servatius said coin-in meters³ recorded monthly.
- b) Agents asked for a breakdown of machine readings between August and November 2012. Zach Servatius said he would need to research business records and respond later. Mr. Servatius agreed to provide meter readings between January and August 2013.
- c) Agents asked Ms. Pedersen to provide copies of her QuickBooks monthly income statements for the period between January and August 2013. Ms. Pedersen offered to produce records for the agents by October 16, 2013.
- d) On October 7, 2013, agents advised Ms. Servatius that licensing staff had not received the licensee's annual activity report, due September 22, 2013.

(10) On October 16, 2013, the agents found Bumpers failed to purchase and place identification stamps on amusement games they operated at Lilac Lanes, a licensed card room. The agent contacted the Commission's Business Operations Division staff, who told the agent the last time Bumpers purchased identification stamps was in January 2011.

³ WAC 230-13-080(1) provides, "Coin or token activated amusement games must have nonresetting coin-in meters, certified as accurate to within plus or minus one coin or token in one thousand plays, which stop play of the machine if the meter is removed or disconnected..."

(11) The agent did not receive documents requested from the licensee or the licensee's bookkeeper by October 16, 2013. Agents repeatedly asked for documents, and repeatedly extended the time to respond, until December 11, 2013, when agents hand delivered a formal written request for documents. The licensee was given a deadline of December 17, 2013, to produce the following records:

- a) "State Bank Northwest checking statements for the months of August through November" for a specified account.
- b) "State Bank Northwest checking statements for the months of September through November" for a specified account.
- c) "QuickBooks records for the period August 23, 2012 through December 31, 2012."
- d) "QuickBooks records for the period August 24, 2013 through November 30, 2013."

(12) On December 16, the licensee's bookkeeper called agents saying she had just returned from a vacation, and had just received the licensee's request to assist with gathering the documents requested by the agents. Some of the records requested were for 2012, and the bookkeeper said she had none of the licensee's records prior to February 2013. The bookkeeper asked for a one-day extension of the deadline to produce records for her client, and the agent agreed. Later that day, the bookkeeper e-mailed the agent saying she was meeting with Ms. Servatius over the next two days, and thought they could get the records to the agents by December 18.

(13) On December 18, agents reviewed copies of bank statements and QuickBooks' profit and loss statements they received from the licensee's bookkeeper. Agents noted there were no copies of processed checks or deposit slips provided with the bank statements, nor any supporting documents accompanying the profit and loss statements. Agents then informally requested (via e-mail) a detailed and itemized list of specific records required, with a deadline of December 31 to respond.

(14) Within minutes of receiving the e-mail request from the agent, Lea Ann Servatius called the agent to clarify exactly what records the agent needed. Ms. Servatius said she did not normally receive copies of processed checks or deposit slips from her bank. The agent asked how Ms. Servatius accounted for business checks she issued, and whether the designated recipients received the checks. Ms. Servatius said the QuickBooks program produced and issued checks, although she did not think she could print a copy of those checks from QuickBooks. The agent then asked Ms. Servatius to get copies of checks from her bank corresponding with the bank statements, and Ms. Servatius agreed to do so. The agent also requested everything that supported the profit and loss statements. Ms. Pedersen, the licensee's bookkeeper also e-mailed agents.

(15) On December 20, 2013, agents found:

- a) The licensee had not submitted its annual activity report due on September 22, 2013.

- b) The licensee had submitted its 2012 annual report late. It was due on September 22, 2012, but the report was postmarked October 24, and received October 26, 2012.
- c) The agent checked with licensing staff and found the licensee had failed to timely renew its license in 2012. The license had expired on August 23, 2012, and Bumpers received a new license on September 14, 2012. The licensee did not have a valid license to conduct amusement game activity between August 24, 2012, and September 13, 2012.
- d) The agent also found the licensee still had not bought identification stamps for 2012, 2013, or 2014. The licensee had not purchased identification stamps until December 23, 2013.

(16) The agent hand delivered a formal request to Lea Ann Servatius on January 8, 2014, for the following records, with a January 29 deadline:

- a) A list of all locations where you have or have had amusement games located during the period of August 24, 2012, to current, including the number of games at each location.
- b) Gross gambling receipts collected from amusement games at each location for the period August 24, 2012, to current.
- c) All records supporting the gross gambling receipts for the period August 24, 2012, to current.
- d) All entries showing the withdrawal (collection) of receipts from the games for the period August 24, 2012, to current.
- e) The entry of the ending meter reading, the number of plays, and gross gambling receipts at the end of each month for the period August 24, 2012, to current.
- f) The summary of the operation of the activity from each time a location/game was serviced, including the coin-in meter readings and gross gambling receipts for the period August 24, 2012, to current.
- g) The number and actual cost of merchandise prizes awarded for each location by month for the period August 24, 2012, to current.
- h) For amusement games that issue tickets for the redemption of prizes, the log recording the beginning and ending ticket out meters or ticket numbers during each collection of funds from each game for the period August 24, 2012, to current.
- i) Full details of all amusement game operating expenses including supporting records for the period August 24, 2012, to current.
- j) Bank statements from all bank accounts for the period August 24, 2012, to current.

- k) Check registers for all bank accounts for the period August 24, 2012, to current.
- l) Access to the coin-in meters for all amusement games.
- m) Other items as requested.

(17) Agents began an on-site review of the requested records on January 29, 2014. Zach and Lea Ann Servatius assisted with the inspection. Agents found:

- a) Based on the licensee's records, the licensee operated amusement games between August 24 and September 13, 2012, with an expired license, and between September 6 and September 16, 2013, without timely renewing its license.
- b) Based on the licensee's records, the licensee operated amusement games at Lilac Lanes and Casino and Five Mile Pizza (licensees) when the licensee did not have a valid license between August 24 and September 13, 2012, and between September 6 and September 16, 2013.
- c) The licensee's records did not reflect the actual revenue and the actual cash or tokens from each amusement game. The licensee also did not separate revenue from amusement games that do not award prizes.
- d) The licensee did not have records between September and November 2012 from their prior location (Northtown Mall). Ms. Servatius said they had a computerized record keeping system, but when the licensee moved from the mall in December 2012 to its current location, the computer was dropped and all the previous records from the Northtown Mall location were lost.
- e) The licensee's "coin-in meters" were not compliant with Commission rules. Based on the licensee's record of the number of coins and tokens collected between September 20 and October 1, 2013, and the number of plays from meter readings, agents determined the difference between the coins collected and the meter readings (for the games with coin-in meters) was 1,391 coins compared with 9,244 meter readings. The agent concluded there was 15 percent more coins collected than the licensee recorded on its coin-in meters.
- f) Games called "Big Bertha" and "Rock N Bowl" never had required coin-in meters. Zach Servatius said "Big Bertha" has never had a coin-in meter and has operated that way for years.
- g) Based on the licensee's records, agents determined the \$88,853 reported by the licensee as gross gambling receipts on its 2013 annual activity report was less than the \$105,981 the agents calculated as the licensee's gross gambling receipts. Ms. Servatius said she just estimated the number, knowing she made less than the previous year. She said she estimated the gross gambling receipts based on the amount she reported the previous year.

- h) Agents asked Ms. Servatius why she did not report prizes, local gambling taxes and cash overage/shortages on her annual activity report. Ms. Servatius replied the prizes did not make a difference in her license class, so she did not think she needed to report them, and she has not paid any local gambling taxes.
- i) Between August 20, 2012 and October 16, 2013, the licensee's records for the amusement games at Lilac Lanes included no ticket-out meter readings, and the licensee failed to distinguish between commercial amusement games and amusement devices.
- j) The licensee's records between September 2012 and September 17, 2013, for amusement games at Five Mile Pizza did not include coin-in meter readings, and did not include ticket-out meter readings.
- k) The licensee's records between January 2013 and September 16, 2013, for amusement games at its current Spokane Valley location did not include ticket out meter readings. The records did not contain enough detail to determine cash overages or shortages. The licensee did not record the coin and tokens collected from each amusement game. The licensee did not record revenue from the amusement games based on the coin-in meter readings or the actual coins and tokens collected from the amusement games, but based its revenue on the money taken from the coin change machine and deposited in its bank account.

(18) The agent found the following in March 2014:

- a) The Department of Revenue revoked the licensee's Certificate of Registration in September 2013, for nonpayment of over \$160,000 in taxes. The licensee failed to notify Commission staff about the revocation of its Certification of Registration by the Department of Revenue.
- b) Agents checked with the City of Spokane Valley and the licensee had failed to file tax returns or pay local gambling taxes for amusement game activity.
- c) During an on-site visit on March 18, agents found a business license posted for Bumpers Bowling, LLC. The licensee's General Manager, Zach Servatius, told agents Bumpers, Inc. was the commercial amusement game route operator, and Bumpers Bowling, LLC operated the bowling alley, bar and restaurant.
- d) During an on-site visit on March 19, Lea Ann Servatius told agents Bumpers, Inc. operated all the commercial amusement games, and Bumpers Bowling, LLC operated the food and drink business and bowling. Ms. Servatius showed the agents the Bumpers, Inc. business license with an April 30, 2014 expiration date. Ms. Servatius told the agent the Department of Revenue's Order revoking Bumpers, Inc.'s Certificate of Registration applied only to retail sales, and "coin drop machines" are not retail sales.

- e) The Department of Revenue Agent assigned to Bumpers told agents the revocation of the Certificate of Registration is for the entire business. When the Department of Revenue revokes a tax registration, the business cannot do any business.
- f) On March 19, agents asked to review the bank statement the licensee had previously provided to agents in January 2014, but Ms. Servatius could not locate them.
- g) On March 24, 2014, agents called the licensee's bookkeeper, but she did not return their call.

(19) On April 7, 2014, the licensee, through its attorney, reported to a FIU agent about a new entity called Bumpers Bowling, LLC, formed by the licensee. The attorney said the two entities have the exact same ownership and officers. The licensee's attorney said the licensee formed the new entity in 2013. The attorney reported Bumpers, Inc. transferred none of its business assets to the new entity, and they were two separate legal entities. The FIU agent instructed the licensee's attorney to have Bumpers Bowling, LLC submit a new license application. The attorney responded they were already completing a new application. Licensing staff received the new application on April 24, 2014.

(20) After the FIU agent notified the (field) agent about the new entity formed by the licensee, the agent went on-site to speak to the licensee's owner, Ms. Servatius. Ms. Servatius said Bumpers Bowling, LLC conducted amusement game activity beginning September or October 2013. The agent advised Ms. Servatius Bumpers Bowling, LLC was not licensed and could not operate amusement games. Ms. Servatius said she understood. The agent advised Ms. Servatius she could not operate amusement games anywhere, including at the Five Mile Pizza and Lilac Lanes.

(21) As of May 12, 2014, the licensee has stopped operating commercial amusement game activity.

(22) The licensee has the following administrative history:

- a) In 2008, agents gave Lea Ann Servatius verbal warnings on two separate occasions for failing to purchase and place identification stamps on amusement games.
- b) In 2010, agents gave Lea Ann Servatius a verbal warning for failing to comply with amusement game rules.
- c) In 2011, agents gave Lea Ann Servatius a verbal warning for exceeding its license class.
- d) In 2012, FIU agents gathered information about state and federal tax liens filed against the licensee. An FIU agent spoke to Lea Ann Servatius about two Department of Revenue (DOR) tax liens, one for \$7,752, and another for \$167,110. The FIU agent reviewed the repayment plan provided by Ms. Servatius. Ms. Servatius said she was disputing the amounts owed to DOR.

The FIU agent also found Internal Revenue Service liens filed against Bumpers, and about \$360,000 owing in federal taxes. The tax amounts owed by the licensee have not been updated since FIU's 2012 report, and are not current.

VIOLATIONS

(1) RCW 9.46.075 Denial, suspension, or revocation of certification, 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.

(2) 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, certified employee, or anyone holding a substantial interest in the applicant's or certified employee'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; 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.

(3) RCW 9.46.153 Applicants and 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.

(4) RCW 9.46.160 Operating Amusement Games Without a License.

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.

Bumpers operated commercial amusement games without a valid license between September 6 and September 16, 2013, and between August 24 and September 13, 2012. This conduct violated RCW 9.46.160.

By violating RCW 9.46.160, the licensee has failed to prove by clear and convincing evidence, as required by RCW 9.46.153, that it is qualified to be licensed. By repeatedly operating without a valid license in 2012 and 2013, the licensee pursued economic gain in an occupational manner or context, violating criminal or civil policy, the pursuit of which creates probable cause to believe the participation of such person in gambling or related activities would be inimical to the proper operation of an authorized gambling or related activity.

The licensee's repeated operation without a valid license in 2012 and 2013 demonstrates willful disregard for complying with statutes and administrative 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 the licensee's prior activities of repeatedly operating without a valid license in 2012 and 2013. Grounds, therefore, exist to revoke Bumpers' license under RCW 9.46.075(1), (8), and (10), and WAC 230-03-085(1), (3) and (8).

(5) WAC 230-13-169 Annual Activity reports for commercial amusement game licensees.

Commercial amusement game licensees must submit an annual activity report to us in the format we require and must:

(The following subsections apply.)

(2) Be received at our administrative office or postmarked no later than thirty days following the end of the reporting period; and

(5) Complete the report according to the instructions furnished with the report.

The licensee's 2012 activity report was due September 23, 2012, but was not postmarked or received by staff until October 26, 2012. The licensee's 2013 activity report was due September 22, 2013, but was not postmarked or received until January 28, 2014. This conduct violated WAC 230-130-169(2).

The activity report and instructions require the licensee to report prizes paid, but the licensee failed to report prizes on its 2013 report, because, Ms. Servatius said, prizes did not make a difference in her license class so she did not think she needed to report them. The licensee's conduct violated WAC 230-13-169(5), and the licensee has failed to prove by clear and convincing evidence, as required by RCW 9.46.153, that it is qualified to be licensed.

Grounds, therefore, exist to revoke Bumpers' license under RCW 9.46.075(1), (7), (8), and WAC 230-03-085(1), (3) and (8).

(6) WAC 230-06-090 Report administrative and civil actions filed.

(The following subsections 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.

(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.

The Department of Revenue revoked the licensee's Certificate of Registration. The licensee failed to notify the Commission in writing about the Department of Revenue's revocation (administrative action), and failed to notify Commission of the final disposition of the case and submit a complete copy of the final documents filed. This conduct violated WAC 230-06-090(2) and (3), and the licensee has failed to prove by clear and convincing evidence, as required by RCW 9.46.153, that it is qualified to be licensed.

Grounds, therefore, exist to revoke Bumpers' license under RCW 9.46.075(1), (7), (8), and WAC 230-03-085(1), (3) and (8).

(7) WAC 230-16-165(3) Purchasing I.D. Stamps

Owners of gambling equipment, which require annual I.D. stamps, must purchase I.D. stamps from us and attach them to their gambling equipment. Annual I.D. stamps expire on December 31 each year, even if the equipment was placed out for play mid-year.

The licensee failed to purchase and attach identification stamps on amusement games they own. In 2013, agents found the licensee had not purchased I.D. stamps since 2011. The licensee did not buy the required I.D. stamps for 2012, 2013, and 2014 until December 23, 2013.

The licensee's conduct violated WAC 230-16-165(3), and the licensee has failed to prove by clear and convincing evidence, as required by RCW 9.46.153, that it is qualified to be licensed.

Grounds, therefore, exist to revoke Bumpers' license under RCW 9.46.075(1), (8), (10), and WAC 230-03-085(1), (3) and (8).

(8) WAC 230-13-080 Operating coin or token activated amusement games.

(1) Coin or token activated amusement games must have nonresetting coin-in meters, certified as accurate to within plus or minus one coin or token in one thousand plays, which stop play of the machine if the meter is removed or disconnected when operating at:

(The following subsections apply.)

- (d) Bowling alleys; or
- (e) Miniature golf course facilities; or
- (h) Amusement centers; or
- (i) Restaurants.

The licensee operated amusement games, at its premises, called "Big Bertha" and "Rock N Bowl" without coin-in meters between at least January 2013 and September 2013. The licensee's manager, Zach Servatius said "Big Bertha" has never had a coin-in meter and has been operating for years. This conduct violated WAC 230-13-080(1).

Based on the licensee's record of the number of coins and tokens collected between September 20 and October 1, 2013, and the number of plays from meter readings, agents determined the difference between the coins collected and the meter readings (for the games with coin-in meters) was 1,391 coins compared with 9,244 meter readings. The agent concluded there was 15 percent more coins collected than the licensee recorded on its coin-in meters. Coin-in meters must be certified as accurate to within plus or minus one coin or token in one thousand plays; therefore, the licensee violated WAC 230-13-080, and the licensee has failed to prove by clear and convincing evidence, as required by RCW 9.46.153, that it is qualified to be licensed. Grounds, therefore, exist to revoke Bumpers' license under RCW 9.46.075(1), (8), (10), and WAC 230-03-085(1), (3) and (8).

(9) WAC 230-13-170 Recordkeeping for commercial amusement games.

(The following subsections apply.)

(1) Amusement game licensees must prepare a detailed record for each location where they operate games. They must retain the records for at least three years. The records must include details necessary to determine:

- (a) Gross gambling receipts received from players; and
- (b) Value of prizes awarded to winners.

(2) Records must include, at least:

- (a) The gross gambling receipts collected from amusement games at each location, with receipting records; and

- (b) An entry for each withdrawal of receipts from the games. Coin or token activated amusement games only require an entry of the ending meter reading, the number of plays, and gross gambling receipts at the end of each month; and
- (c) A summary of the operation of the activity. This includes, at least, coin-in meter readings and gross gambling receipts. Operators must provide these coin-in meter readings and gross gambling receipts to charitable or nonprofit organizations each time they service a game or disburse money.

(4) For amusement games that issue tickets for the redemption of prizes, licensees must at least log the beginning and ending nonresettable ticket out meters or ticket numbers during each collection of funds from each game.

(5) Licensees must provide the full details for all amusement game operating expenses.

The licensee could produce no records between September and November 2012 from its previous Northtown Mall location. The licensee said her computer broke during the move to its current location and all records were lost. This conduct violated WAC 230-13-170(1), (2), (4) and (5), and the licensee has failed to prove by clear and convincing evidence, as required by RCW 9.46.153, that it is qualified to be licensed.

The licensee's records from Lilac Lanes do not have ticket out meter readings between at least August 20, 2012 and October 16, 2013. The licensee's records between September 2012 and September 17, 2013, for amusement games at Five Mile Pizza, did not include coin-in meter readings, and did not include ticket out meter readings. This conduct violated WAC 230-13-170(1), (2), (4) and (5), and the licensee has failed to prove by clear and convincing evidence, as required by RCW 9.46.153, that it is qualified to be licensed.

The licensee's records between January 2013 and September 16, 2013, for amusement games at its current Spokane Valley location did not include ticket out meter readings. The records did not contain enough detail to determine cash overages or shortages. The licensee did not record the coin and tokens collected from each amusement game. The licensee did not record revenue from the amusement games based on the coin-in meter readings or the actual coins and tokens collected from the amusement games, but based its revenue on the money taken from the coin change machine and deposited in its bank account. This conduct violated WAC 230-13-170(1), (2), (4) and (5), and the licensee has failed to prove by clear and convincing evidence, as required by RCW 9.46.153, that it is qualified to be licensed.

Grounds, therefore, exist to revoke Bumpers' license under RCW 9.46.075(1), (8) and WAC 230-03-085(1) and (8).

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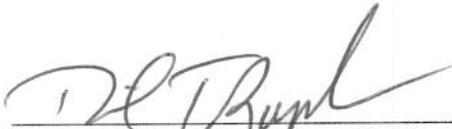
III.

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

You have the right to a hearing. To have a hearing, or to settle the case, the Gambling Commission must receive the hearing request form back from you within 23 days. After we receive this form, we will call you about settlement options. If you do not return the form on time, your license may be revoked (taken away) and you cannot operate gambling activity. (RCW 34.05.440.)

IV.

I have read this Notice of Administrative Charges and Opportunity for an Adjudicative Proceeding, know the contents, believe it to be true, and have executed this Notice in my capacity as Director of the Washington State Gambling Commission.



DAVID TRUJILLO, DIRECTOR

5-23-2014
(Date signed)

STATE OF WASHINGTON)
)
COUNTY OF THURSTON)

I certify I have this day served a copy of the document upon all parties of record in the proceeding by mailing a copy, property 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 23 day of May, 2014.
