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**STATE OF WASHINGTON
GAMBLING COMMISSION**

In the Matter of:

NO. CR 2020-00679

SPECIAL OLYMPICS WASHINGTON,
Seattle, Washington

STIPULATED SETTLEMENT
AGREEMENT

Licensee.

The Washington State Gambling Commission (WSGC) represented by its Director, DAVID TRUJILLO, and the Licensee, SPECIAL OLYMPICS WASHINGTON (SOWA), represented by its attorney DAVE MALONE, hereby enter into this stipulation and settlement agreement for Case Number CR 2020-00679.

I. INTRODUCTION

1. The Washington State Gambling Commission issued Licensee Special Olympics Washington gambling licenses, License No. 02-02549, authorizing Raffle Activity, and License No. 30-00001, authorizing Enhanced Raffle Activity in the State of Washington. These licenses expire on March 31, 2021.

2. Director Trujillo issued, a Notice of Administrative Charges under cause number 2020-00679; a signed copy of those Charges is attached to this Agreement. The Commission alleges that SOWA committed violations including: Transmitting or Receiving Gambling Information and Violating the Laws and Rules for Enhanced Raffles, in violation of: Washington Administrative Codes 230-11-030(4)(a) and WAC 230-03-085(1), and Revised Code of Washington 9.46.240, 9.46.0323, 9.46.075(1) and (7), and 9.46.153(1).

3. The allegations made against SOWA are directly tied to allegations made in a separate case, cause number 2020-00981, against the service supplier who SOWA hired to

1 conduct their 2020 enhanced raffle, NZ Consulting Inc. (NZ). NZ holds an active service
2 supplier license with the WSGC, and recently filed an application to become licensed as an
3 enhanced raffle call center operator. A separate Stipulated Settlement Agreement has been
4 entered into with NZ.

5 II. AGREEMENT OF THE PARTIES

6 The Washington State Gambling Commission and the Licensee agree to the following:

7 1. The Washington State Gambling Commission and the Licensee enter into this
8 agreement to avoid the time and expense of further litigation.

9 2. The Licensee explicitly waives the right of further administrative review of all
10 matters related to the above-referenced, and attached, Notice of Administrative Charges and
11 waives its right to a hearing in this matter.

12 3. The Licensee does not admit to the facts or violations alleged in the above-
13 referenced Administrative Charges. However, the Licensee agrees that, were this matter to
14 proceed to hearing, there is a substantial likelihood that the Washington State Gambling
15 Commission would be able to prove that it had the authority to revoke the Licensee's Raffle and
16 Enhanced Raffle licenses under RCW 9.46.153(1); RCW 9.46.075(1) and (7); WAC 230-03-
17 085(1).

18 4. The parties agree that the Washington State Gambling Commission will consider
19 that the violations set forth in the Notice of Administrative Charges, as specified in the above
20 paragraphs, have been sustained and will become a part of the Licensee's licensing record.

21 5. The Licensee acknowledges that, per RCW 9.46.0323(3)(b) and WAC 230-11-
22 030(4)(a), the law does not currently allow for ticket sales to be made through the internet,
23 including by Voice Over Protocol, or through any other method through the Licensee's website
24 or any other website where the Licensee's enhanced raffle sales could occur.

25 6. The Licensee acknowledges that, per RCW 9.46.0323(3)(l), it is responsible for
26 ensuring that its enhanced raffle is conducted in accordance with all applicable state laws and

rules. The License shall submit to the WSGC within its new raffle plan how it intends to conduct oversight over NZ Consulting, or any other organizations or individuals involved in its raffles.

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2 7. The Licensee agrees to update "Attachment A" of its raffle plan to accurately
3 reflect all ticket purchase options it allows, and to explicitly outline the current processes that it
4 uses to process those ticket purchases. Attachment A must be updated and approved with future
5 raffle plans and prior to conducting any future gambling activities.

6 8. The Licensee acknowledges that it may not make any changes to its enhanced
7 raffle plan, including all attachments, once the plan has been approved by the Commission. The
8 Licensee must request any changes to an approved enhanced raffle plan and receive approval
9 prior to the implementation of such changes. The only exception to this being the prizes
10 descriptions, shown as "TBD" once the prize has been determined.

11 9. The Licensee agrees that it will maintain an independent management control
12 structure, as outlined in WAC 230-07-062(2)(b).

13 10. In addition, the Licensee acknowledges that it holds the responsibility to closely
14 supervise all persons involved with the conduct of gambling activities to ensure that they follow
15 all gambling laws and rules, in accordance with WAC 230-07-110. Per RCW 9.46.0323, The
16 Licensee acknowledges it must have a dedicated employee who is responsible for oversight of
17 its enhanced raffle operations; the Licensee is ultimately responsible for ensuring that an
18 enhanced raffle is conducted in accordance with all applicable state laws and rules.

19 11. The Licensee agrees that they and or any other entity involved in processing
20 enhanced raffle tickets on their behalf only uses software versions reviewed and approved, if we
21 determine the software is gambling equipment by us, for compliance with gambling rules and
22 laws.

23 12. The Parties agree to reduce the penalty in the administrative charges to a thirty
24 (30) day suspension and the Parties agree to convert this suspension into a monetary penalty.

25 13. The Licensee agrees to pay the following monetary penalty to settle the above-
26 listed violations:

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a. A \$170,000 monetary penalty with \$70,000 being suspended for the duration of one year from the day of this Agreement being signed, pending the successful completion of the terms of this Agreement.

b. The remaining \$100,000 of the monetary penalty shall be paid to the Commission by March 19, 2021.

c. The Licensee agrees that any failure to fulfill the terms of this agreement, including a failure to pay the monetary penalty in a full and timely manner shall be a violation of this agreement.

d. If either the Licensee or NZ repeat the violations alleged in the Basis for Revocation, Sections III.1 and III.2, of attached the Notice of Administrative Charges, violating RCW 9.46.240, 9.46.0323, and/or WAC 230-11-030(4)(a), it shall be considered a violation of both this Settlement Agreement, and the Settlement Agreement that NZ entered into for under cause number 2020-00981.

e. The above-referenced monetary penalty shall be sent to:

Washington State Gambling Commission
Attn: Licensing, Regulation & Enforcement Division
P.O. Box 42400
Olympia, WA 98504-2400;

or delivered (in person or via private courier) to Commission Headquarters at the following address:

Washington State Gambling Commission
Attn: Licensing, Regulation & Enforcement Division
4565 7th Avenue SE
Lacey, WA 98503

14. This agreement constitutes the final written expression of all the terms of this agreement and is a complete and exclusive statement of these terms.

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15. The undersigned parties declare the terms of this Agreement are completely read, wholly understood, and voluntarily accepted for the purpose of making a full and final compromise and settlement of any and all alleged violations by Licensee.



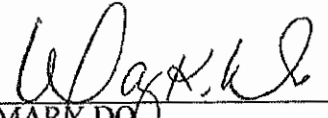
DAVID TRUJILLO
WSGC Director

2/4/2021
DATE



DAVE MALONE, WSBA #23435
Attorney for Licensee

2/3/2021
DATE



MARY DO
Senior Vice President for Licensee

2/3/2021
DATE

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**STATE OF WASHINGTON
GAMBLING COMMISSION**

In the Matter of:

NO. CR 2020-00679

SPECIAL OLYMPICS
WASHINGTON
License Nos. 02-02549, 30-00001,

NOTICE OF ADMINISTRATIVE
CHARGES

Licensee.

These administrative charges are brought under and in accordance with Chapter 9.46 RCW, the Washington State Gambling Act, Chapter 34.05 RCW, the Administrative Procedure Act, and Title 230 WAC, Rules adopted by the Gambling Commission.

I. LICENSE

1. The Washington State Gambling Commission (WSGC) issued licensee Special Olympics Washington (SOWA) two gambling licenses, Nos. 02-02549 and 30-00001, authorizing Raffle and Enhanced Raffle activities from its Seattle, Washington location.

2. These licenses, which expire on March 31, 2021, were issued subject to SOWA's compliance with state gambling laws and Commission rules.

II. FACTUAL BACKGROUND

1. On March 13, 2020, a WSGC Special Agent received information regarding a raffle selling tickets online at pugetsoundraffle.com. The organization conducting the raffle was licensee, Special Olympics of Washington (SOWA).

2. That day, the Special Agent contacted SOWA's raffle manager, Meryl Newman to discuss the matter. Newman told the Agent that SOWA had a dedicated fax line being used

1 to process fax ticket orders¹, noting this applied to both traditional and online fax orders. All
2 faxes, regardless of their origin, were processed once they were received.

3 3. The Agent also asked Newman about radio advertisements for “online
4 purchases”, which are illegal in Washington. Newman acknowledged that the advertisements,
5 which instructed customers to text a code for a link to the raffle ticket order forms, may be
6 confusing, and opted to pull them from the air.

7 4. After receiving additional complaints regarding SOWA’s raffle, on March 25,
8 2020, the Special Agent requested additional information regarding what they were referring
9 to as “online fax” sales.

10 5. On March 27, 2020, the Special Agent contacted another WSGC Special Agent,
11 and arranged for that Agent to purchase a ticket through their website, pugetsoundraffle.com.
12 That ticket was purchased at approximately 11:20 a.m. that day, with the bank posting the
13 purchase on March 30.

14 6. On March 30, 2020, SOWA responded to the follow up questions made by the
15 Special Agent. SOWA stated that the online faxing was done through Voice Over Internet
16 Protocol (VOIP), and that orders received via “online fax” were usually processed with 24
17 hours of purchase. The protocol for processing orders from both traditional and “online” faxes
18 was the same.

19 7. On April 9, 2020, Newman sent the Special Agent details of the faxes being
20 received and processed. In a review of this material, the Agent noted that the date and time
21 for the purchase made by the WSGC appeared to be the same time as the date and time when
22 an email confirmation was sent to the purchasing Special Agent. This timing appeared to
23 match SOWA’s approved 2020 raffle plan.

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26 ¹ Per RCW 9.46.0323, for Enhances raffles, such as SOWA’s, “Sales may be made in person, by mail,
by fax, or by telephone only. Raffle ticket order forms may be printed from the bona fide charitable or
nonprofit organization’s website. Obtaining the form in this manner does not constitute a sale.”

1 8. On April 10, 2020, the Special Agent contacted Newman asking if the date and
2 time column on the fax report was for when the fax was received, or for when the fax was
3 processed. Newman stated she needed to confirm this with other staff. The Agent also
4 requested to speak with the person responsible for processing the orders.

5 9. On April 15, 2020, the Agent spoke with Neal Zeavy. Zeavy's email lists him
6 as SOWA's raffle director, but he is actually a licensed service supplier, operating as NZ
7 Consulting Inc. Zeavy agreed to walk the Agent through the receiving and processing
8 procedures.

9 10. Zeavy demonstrated order information being input into the "online fax" form,
10 as a customer would; when the order was submitted, it appeared on SOWA's internal site as
11 "received". Zeavy then printed the form off of SOWA's internal site, and manually entered
12 the information from the printed page into the site. When the information was fully entered
13 into the system, a confirmation email was sent to the Agent, indicating the sale was processed.

14 11. The Agent then asked Zeavy why the Special Agent who had purchased the
15 ticket on March 30 received an email confirming the purchase immediately. According to
16 Zeavy, the system had recently been updated so that emails were only sent when the purchase
17 was completed. At the time that purchase was made, the system was sending emails prior to
18 the order being fully processed.

19 12. On June 23, 2020, the Special Agent sent Zeavy an email asking follow-up
20 questions. Zeavy told the Agent that the request to change the email system (referenced in the
21 above paragraph) came from Newman after the Agent had asked about the time and date
22 column on April 10. In changing the system, SOWA's system matched it's 2020 raffle plan
23 which stated that confirmation emails were to be sent upon the order's completion, not the
24 order being placed (as was the case prior to the change).

25 13. The Agent requested screen shots from SOWA outlining further how their
26 online process works. The screenshots showed:

- 1 a. The customer clicks on "GET TICKETS" on SOWA's website, which takes
- 2 them to a page which prompts them to fill out their information for
- 3 purchase.
- 4 b. The customer is then directed to review the information prior to submitting
- 5 it;
- 6 c. Once the customer hits submit, they receive notification the order has been
- 7 sent, and that they will get a confirmation within 2 days.
- 8 d. SOWA logs into their internal system, and filters through their database to
- 9 find orders listed as "DEFERRED", this references the "online faxes" that
- 10 have been received.
- 11 e. SOWA clicks on the received faxes, prints them out, and manually enters
- 12 the information to process the order.

13 14. The Special Agent compared the received information with SOWA's 2020
14 raffle plan. After noting that there was no mention of (and thus no authorization from WSGC
15 to use) "online fax" sales, but specifically prohibits ticket sales via the SOWA website, the
16 Special Agent requested that WSGC's IT Department review the technical process.

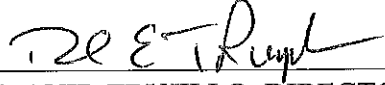
17 15. WSGC's IT Department concluded that the process outlined above required the
18 use of a webform, and thus the internet. The raffle plan that was approved not only failed to
19 address using the website as an "online fax", the process approved for fax orders only outlined
20 how SOWA would process the orders and not how customers obtain, fill out, and return the
21 raffle ticket order form.

22 16. After speaking with SOWA, it was apparent that they believed because they
23 used the same procedure to process "online" and traditional faxes, that no additional approval
24 for the addition of "online faxes" was required. SOWA should have sought review and
25 approval of the "online fax" process that they used to allow customers to purchase tickets on
26 their raffle website.

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2. Based on the facts and violations referenced above, the penalty for Special Olympics Washington's actions is **REVOCATION** of its Raffle and Enhanced Raffle licenses.

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



DAVID TRUJILLO, DIRECTOR
Washington State Gambling Commission

2-4-2021
Date

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HEARING NOTICE

You have the opportunity to request a hearing to contest the Commission’s decision to revoke your Raffle and Enhanced Raffle activity licenses. To request a hearing and/or discuss settlement options, the Commission must receive the enclosed hearing request form within 23 days from date of our mailing identified below. ***Failure to return the enclosed hearing request will result in a default order revoking your licenses.***

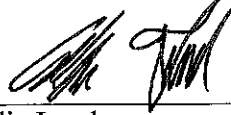
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CERTIFICATE OF SERVICE

I certify that on the date below I served a copy of the foregoing document on all parties or their counsel by United States Postal Service regular and certified mail to the following:

SPECIAL OLYMPICS WASHINGTON
2815 2ND AVE STE 370
SEATTLE, WA 98121

EXECUTED this 5 day of February, 2021, at Olympia, Washington.



Ashlie Laydon
Rules Coordinator