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3 **STATE OF WASHINGTON**  
4 **GAMBLING COMMISSION**

5 In the Matter of:

NO. CR 2020-00981

6 NZ CONSULTING INC,  
7 Seattle, Washington

STIPULATED SETTLEMENT  
8 AGREEMENT

9 Licensee.

10 The Washington State Gambling Commission (WSGC) represented by its Director,  
11 DAVID TRUJILLO, and the Licensee, NZ CONSULTING INC. (NZ) represented by its  
12 President, NEAL ZEAVY, hereby enter into this stipulation and settlement agreement for Case  
13 Number CR 2020-00981.

14 **I. INTRODUCTION**

15 1. The Washington State Gambling Commission issued Licensee NZ Consulting  
16 Inc. a gambling license, License No. 26-00317, authorizing Service Supplier Activity in the State  
17 of Washington. This licenses expire on June 30, 2021.

18 2. Director Trujillo issued, a Notice of Administrative Charges under cause number  
19 2020-00981; a signed copy of those Charges is attached to this Agreement. Here, the  
20 Commission alleges that NZ commit violations including: Transmitting or Receiving Gambling  
21 Information and Violating the Laws and Rules for Enhanced Raffles, in violation of: Washington  
22 Administrative Codes 230-11-030(4)(a) and WAC 230-03-085(1), and Revised Code of  
23 Washington 9.46.240, 9.46.075(1) and (8), and 9.46.153(1).

24 3. The allegations made against NZ are directly tied to allegations made in a separate  
25 case, cause number 2020-00679, against Special Olympics Washington (SOWA), the enhanced  
26 raffle licensee who hired NZ to conduct the 2020 enhanced raffle leading to these charges.

STIPULATED SETTLEMENT AGREEMENT  
IN RE: NZ CONSULTING INC  
NO. 2020-00981

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Washington State Gambling Commission  
4565 7<sup>th</sup> Avenue S.E., Lacey, WA 98503  
P.O. Box 42400  
Olympia, WA 98504

SOWA currently holds an active raffle license and an enhanced raffle license with the WSGC.

1 A separate Stipulated Settlement Agreement has been entered into with SOWA.

2 **II. AGREEMENT OF THE PARTIES**

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

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

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

9 3. The Licensee does not admit to the facts or violations alleged in the above-  
10 referenced Administrative Charges. However, the Licensee agrees that, were this matter to  
11 proceed to hearing, there is a substantial likelihood that the Washington State Gambling  
12 Commission would be able to prove that it had the authority to revoke the Licensee's Service  
13 Supplier license and deny its enhanced raffle call center license application under RCW  
14 9.46.153(1); RCW 9.46.075(1) and (8); WAC 230-03-085(1).

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

18 5. The Licensee acknowledges that, per RCW 9.46.0323(3)(b) and WAC 230-11-  
19 030(4)(a), the law does not currently allow for ticket sales to be made through the internet,  
20 including by Voice Over Protocol, or through any other method through the Licensee's website  
21 or any other website where the Licensee's enhanced raffle sales can occur.

22 6. The Licensee will not allow for any sales to occur over the internet for any future  
23 enhanced raffle unless both the Gambling Act (RCW 9.46), Commission Rules, and the  
24 Commission's equipment approval letter authorize it.

25 7. The Licensee agrees to submit its raffle ticketing software, RaffleAdmin, for our  
26 review and approval in accordance with WAC 230-06-050. As changes have been made to the

software since the initial review and determination issued in September 2013, the Licensee  
1 agrees that RaffleAdmin cannot be used in future SOWA, or any other, raffles until it is reviewed  
2 and approved, if it is determined to be gambling equipment, by the WSGC. The Licensee  
3 acknowledges that in submitting RaffleAdmin for approval, it is responsible for all costs for the  
4 application, the necessary deposit, and any additional costs incurred.

5 8. The Parties agree to reduce the penalty in the administrative charges to a thirty  
6 (30) day suspension and the Parties agree to convert this suspension into a monetary penalty.

7 9. The Licensee agrees to pay the following monetary penalty to settle the above-  
8 listed violations:

9 a. A \$330,000 monetary penalty with \$130,000 being suspended for the  
10 duration of one year from the day of this Agreement being signed, pending the  
11 successful completion of the terms of this Agreement.

12 b. The remaining \$200,000 of the monetary penalty shall be paid to the  
13 Commission by March 19, 2021.

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

17 d. If either the Licensee or SOWA repeat the violations alleged in the Basis  
18 for Revocation, Sections III.1 and III.2, of the Notice of Administrative Charges  
19 filed against SOWA in cause number 2020-00679, violating RCW 9.46.240,  
20 9.46.0323, and/or WAC 230-11-030(4)(a), it shall be considered a violation of  
21 both this Settlement Agreement, and the Settlement Agreement that SOWA  
22 entered into for under cause number.

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

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


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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

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

11. 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.

  
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DAVID TRUJILLO  
WSGC Director

2-4-2021  
DATE

  
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NEAL ZEAVY  
President of Licensee

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**STATE OF WASHINGTON  
GAMBLING COMMISSION**

In the Matter of:

NO. CR 2020-00981

NZ CONSULTING INC.,  
License No. 26-00317,

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 NZ Consulting Inc. (NZ) gambling license number 26-00317, authorizing Service Supplier activity from its Seattle, Washington location.

2. This license, which expires on June 30, 2021, was issued subject to NZ's compliance with state gambling laws and Commission rules.

**II. FACTUAL BACKGROUND**

1. On March 13, 2020, a WSGC Special Agent began an investigation into licensee Special Olympics Washington's (SOWA) enhanced raffle that was being conducted, based on a preapproved enhanced raffle plan. This investigation stemmed from multiple public complaints submitted to the agency.

1           2.       During the investigation, the Agent had requested a sales report outlining when  
2 fax orders<sup>1</sup> were submitted and when the orders were processed by SOWA staff. When the  
3 Agent reviewed the report, it was unclear as to whether the date and times recorded on the  
4 report were reflective of when orders were submitted or when the orders were processed by  
5 SOWA. SOWA's representative referred the agent to NZ Consulting Inc.

6           3.       NZ, owned and operated by Neal Zeavy, is a licensed service supplier who  
7 SOWA had contracted to run both the website and call center for the enhanced raffle.

8           4.       On April 15, 2020, the Agent spoke with Zeavy in an attempt to further  
9 understand SOWA's system. Zeavy was able to share his screen with the Agent while he  
10 completed and submitted an online order through a test version of SOWA's website, and then,  
11 using SOWA's internal processing site, took that same order and processed it for payment.

12          5.       In order to process the online order, Zeavy had to manually print out the order  
13 form that was submitted using the external website. He then took the printed form and entered  
14 it into SOWA's system using the same methods as was used for phone and traditional fax sales.

15          6.       On April 16, 2020, Zeavy responded to an email from the Agent asking whether  
16 the report provided by SOWA's staff was reflective of orders submitted or processed. Zeavy  
17 responded that initially confirmations were emailed to customers when the order was  
18 submitted, not when it was processed. After SOWA had requested a change, Zeavy changed  
19 the system so that confirmation emails were sent when the orders were processed for payment.

20          7.       On July 24, 2020, SOWA responded to an email from the Agent who had  
21 requested a list of Zeavy's duties. SOWA stated that amongst other tasks, Zeavy was  
22 responsible for: providing new ideas to maximize raffle performance, working with the website  
23 vendor on updating and rolling out the website, monitoring the eFax account, and maintaining  
24 the "Raffle Admin" account that receives and processes orders.

25  
26                   <sup>1</sup> 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."

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**III. BASIS FOR REVOCATION**

1. NZ Consulting Inc. allowed tickets to be sold via the internet using the SOWA website to transmit gambling information. In doing so, NZ is in violation of both RCW 9.46.240 and WAC 230-11-030(4)(a).

2. NZ Consulting Inc. has failed to comply with the provisions, requirements, conditions, limitations or duties imposed by the Gambling Act, which is grounds to revoke a license under RCW 9.46.075(1) and (8).

3. NZ Consulting Inc. has failed to prove by clear and convincing evidence that it is qualified for licensure, as required by RCW 9.46.153(1).


4. The Commission is authorized to revoke NZ Consulting Inc.'s Service Supplier license pursuant to RCW 9.46.075(1) and (8), RCW 9.46.153(1), and WAC 230-03-085(1).

**IV. REVOCATION**

1. The above-referenced findings are a sufficient basis for revocation of NZ Consulting Inc.'s Service Supplier license.

2. Based on the facts and violations referenced above, the penalty for NZ Consulting Inc.'s actions is **REVOCATION** of its Service Supplier license.

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.

  
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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 Service Supplier activity license. 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 license.***



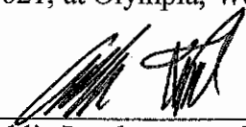
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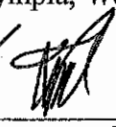
CERTIFICATE OF SERVICE

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:

NZ CONSULTING INC.  
4408 NE 38TH ST  
SEATTLE, WA 98105

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

  
\_\_\_\_\_  
Ashlie Laydon  
Rules Coordinator

  
\_\_\_\_\_  
ADAM KATZ  
STAFF ATTORNEY

