

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Revocation of the Certification)
to Conduct Gambling Activities of:)
)
)
)
Leroy Burrowes)
Spokane Valley, Washington,)
)
Class III Employee.)

NO. CR 2014-00199

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

I.

The Washington State Gambling Commission issued Leroy Burrowes certification number 69-32029, authorizing Class III Employee activity¹ formerly at the Kalispel Northern Quest Casino. The certification expires on October 24, 2014, and was issued subject to Mr. Burrowes' compliance with state gambling laws and rules.

II.

David Trujillo, 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:

SUMMARY:

The Kalispel Tribal Gaming Commission revoked Leroy Burrowes' Tribal gaming license after an internal audit found he violated Northern Quest Resort and Casino's complimentary (comps) items procedures for gift cards. The audit found Mr. Burrowes issued seven comps, of which five were converted to gift cards and exchanged for cash.

FACTS:

1. On December 18, 2013, Kalispel Tribal Gaming Agency (KTGA) submitted a Personnel Termination Notification (PTN) to Commission staff, indicating Leroy Burrowes had been terminated for a Compact violation.
2. On January 23, 2014, a Washington State Gambling Commission Special Agent (agent) received an e-mail from a KTGA Investigator that included the Report of Audit, the KTGB Board Action Form, and the KTGB Notice of Gaming Board Action.

¹ Class III Certification is issued to employees working at Tribal casinos. The certification authorizes similar activities as the Card Room Employee (CRE) license issued to individuals working at commercial house-banked card rooms. By submitting a transfer form and fees, holders of a Class III Certification may convert their certification to a CRE license.

3. The Audit Report indicated that the KTGA Internal Audit Department conducted an audit to determine if procedures were followed for the conversion of comps to gift cards and their possible abuse. The audit found that Mr. Burrowes had issued seven comps, of which five were converted to green² gift cards and exchanged for cash. The audit also found that the comp documentation included a questionable signature that was compared to guest records. Mr. Burrowes was interviewed and stated that he signed the guest name on the paperwork rather than obtaining the guest signature.
4. The Kalispel Tribal Gaming Board (KTGB) Notice of Gaming Board Action indicated that the KTGB voted to revoke Mr. Burrowes' Tribal gaming license, and that he could not reapply for five years. The form was dated December 18, 2013 and was signed by Mr. Parker.
5. The agent asked the Investigator for copies of the comp slips and the policy. The agent also asked for clarification regarding Mr. Burrowes' statement and his knowledge of this policy. A KTGB Senior Internal Auditor provided copies of comp and Yogo gift shop slips, comp reports, and an e-mail from the Director of Player Development.
6. The agent reviewed the comp slips, which have the player's name, the dollar value of the comp, the date and time the comp was issued, the signature of the player and the signature of the authorized personnel issuing the comp. The bottom of the slips state they are "Not Valid for Cash, Alcohol, Tobacco, or Gratuity."
7. Copies of the Yogo gift shop slips were provided with each of the five comp slips. The Yogo gift shop slip shows that a gift card was issued and a payment was made by use of a comp. The balance remaining on the comp after paying for the gift card was zero. Mr. Burrowes signed each slip.
8. The comp report lists all the comps issued over a certain period of time. The report contains the same information as the comp slip just without the signatures.
9. The agent reviewed an e-mail from the Director of Player Development, which was provided by the KTGA Senior Auditor. The e-mail included a copy of another e-mail dated March 28, 2013, that stated: "Guests can use comps that we give them to receive orange gift cards only. Guests can then use the orange gift cards to purchase cigarettes...Guests cannot use comps to purchase green gift cards."
10. The agent spoke with the KTGA Senior Internal Auditor on February 6, 2014. The Auditor explained the policy did not say anything regarding whether comps could or could not be used for cash. He explained the March 28, 2013, e-mail was sent to Casino Hosts, and included Mr. Burrowes. The Auditor also explained that a green gift card can be redeemed for cash, but an orange gift card can only be redeemed for merchandise such as gifts and services.

² Per the Tribe's policy, comps cannot be used to purchase green gift cards.

11. On February 6, 2014, the agent received an e-mail from the Auditor with customer records that included a copy of five driver's licenses and signatures for the patrons named on the comps in question. The Auditor told the agent that they had compared the customers' signature on the comps to the customer records. The agent also compared the signatures on the driver's licenses to the signatures on the comp slips. The agent could see obvious discrepancies between the signatures. For instance, the "S" used on comp slip #91574 looked more like a printed "S" while the "S" on the individual's driver's license looked like a normal cursive "S."
12. The Auditor said that Mr. Burrowes told him in each incident he either went to the gift shop and purchased the gift card and cashed it out himself, or went with the customer and helped him purchase and cash out the gift card. However, Mr. Burrowes did not provide a written statement.

VIOLATIONS:

1) Section V. C. of the Kalispel Tribal-State Compact.

The State Gaming Agency³ may revoke, suspend or deny a State certification under the provisions of RCW 9.46.075, and rules promulgated thereunder, for any reason or reasons it deems to be in the public interest. In addition, these reasons shall include, but shall not be limited to when an applicant or holder of certification or principal of an entity:

V.C.1. is determined to be a person who because of prior activities and habits poses a threat to the effective regulation of gaming or creates or enhances the chances of unfair or illegal practices, methods and activities used in the conduct of the gaming activities permitted pursuant to this compact.

V.C.4 has demonstrated a willful disregard or failed to comply with the requirements of any gaming regulatory authority in any jurisdiction, including offenses that could subject the individual or entity to suspension, revocation or forfeiture of any gaming license.

2) RCW 9.46.075 Denial, suspension, or revocation of license, 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 certified employee, 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.

³ Washington State Gambling Commission, as referred to in Section II.V. of the Kalispel Tribal-State Compact.

(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;

3) 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.

(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; or (d) Habits.

4) RCW 9.46.153(1) Applicants and licensees - responsibilities and duties

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.

The Kalispel Tribal Gaming Commission revoked Leroy Burrowes Tribal Gaming License after an internal audit found he violated Northern Quest Resort and Casino's complimentary (comps) items procedures as they relate to gift cards. The audit found Mr. Burrowes issued seven comps, of which five were converted to green gift cards and exchanged for cash. As a result, Leroy Burrowes has demonstrated that he poses a threat to the effective regulation of gambling or increases the likelihood of unfair or illegal practices. Mr. Burrowes has failed to establish clearly and convincingly that he is qualified to be certified, in violation of RCW 9.46.153(1). As a result, grounds exist to revoke Leroy Burrowes Class III certification under the Kalispel Tribal/State Compact, RCW 9.46.075(1), (8), and (10), WAC 230-03-085(1), (3) 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.

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

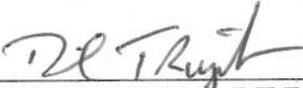
In order to have a hearing or discuss settlement options, the enclosed request for hearing must be completed and returned to the Gambling Commission **within 23 days** from the date of the mailing of this notice.

Based on RCW 34.05.440, failure to return a request for hearing will result in the entry of a default order REVOKING your certification.

IV.

I have read this Notice of Administrative Charges and Opportunity for an Adjudicative Proceeding, 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.

Dated March 6, 2014



DAVID TRUJILLO, DIRECTOR

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 6 day of March, 2014.
