

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Revocation of the)
License to Conduct Gambling Activities of:)
)
Ryan M. Lawrence,)
Tacoma, Washington,)
)
Licensee.)

NO. CR 2014-00698

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

I.

The Washington State Gambling Commission issued Ryan M. Lawrence, license number 68-28968, authorizing Card Room Employee activity formerly at The Hideaway in Shoreline. Mr. Lawrence's license expires on December 4, 2014, and was issued subject to the licensee's compliance with state gambling laws and Commission rules.

II.

Mark Harris, Assistant 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:

Mr. Lawrence took chips and cash while dealing poker at The Hideaway, and was observed on surveillance video doing so. Mr. Lawrence said he took between \$200 and \$400.

FACTS

1) The Hideaway reported that the licensee, Ryan Lawrence, shorted the house rake¹ up to \$40 during a 30-minute dealing period at a poker table. In an e-mail sent to a Gambling Commission Special Agent (agent) on February 7, 2014, Operations Manager, Wesley Johnson reported the card room's floor manager had observed the licensee "stealing from the casino."

2) The agent went to The Hideaway on February 19, 2014, and met with Mr. Johnson, and the card room's President, Teresa Malphrus. Ms. Malphrus said she had spoken with the licensee over the telephone and he told her he took about \$200. Ms. Malphrus said she watched the surveillance video of the incident and had terminated the licensee's employment. Ms. Malphrus wrote the following in a statement:

¹ Rakes are fees collected from patrons based on wagers placed during a poker hand.

- a. She saw Ryan Lawrence on surveillance video take \$40 out of his dealer chip tray,² placing it into his shirt pocket at 10:06 p.m. on February 6, 2014.
- b. "Over the course of his dealing period, Ryan shorted the house rake and built his dealer tray back up to \$300."
- c. "There is no reason for any dealer to come from the poker podium with cash in the dealer tray to start dealing."
- d. When she called the licensee, he immediately confirmed he had been cheating. The licensee told her he felt he had taken only about \$200 total.

3) Ms. Malphrus told the agent dealer chip trays were always supposed to have \$300 in them. The agent obtained a copy of The Hideaway's "Imprest Bank"³ sign-out sheet for February 6, 2014. All dealers signed out between 6:30 p.m. and 3:10 a.m. with imprest bank amounts of \$300.

4) The agent reviewed the surveillance video of the incident and observed the following on February 6, 2014:

- a. At about 22:04 hours, the licensee stood at the poker podium and placed his chip tray on the podium counter. He removed \$40 in green \$2 chips from the chip tray and placed them in the poker chip cabinet. He opened the poker podium till drawer and removed two bills from the drawer, folded them in half and placed them in the middle of his chip tray. One of the bills was a \$20 bill. Based on the size of the stacks in each row of green chips, the agent estimated the chip tray contained \$260 in chips. Although the licensee removed two bills from the till drawer, the agent could only identify one \$20 bill with certainty.
- b. At about 22:06, the licensee brought his chip tray to the poker table and dealt. Soon afterwards, he removed the two bills from his chip tray and placed them in his shirt pocket.
- c. The licensee collected chips from the poker pot⁴ and placed two chips at a time into his chip tray.

² The dealer's chip tray allows dealers to exchange players' chips, or exchange players' cash for chips while dealing. Chip trays are kept directly in front of the dealers at the table. Dealers are responsible for their chip trays during their shift, and must sign in and out for the amounts in their trays, which is counted and verified by a supervisor. Dealers are responsible for any shortages in the tray and any overage belongs to the card room.

³ Imprest Bank - A fund that is regularly replenished for the amounts expended from it. The Hideaway requires an imprest amount of \$300 in dealer chip trays.

⁴ The poker pot is the total of wagers placed during a hand, less the rakes or player-supported jackpot (PSJ) funds. PSJ's are separate contests of chance directly related to the play or outcome of nonhouse-banked card games. The dealer collects the chips from the pot and drops them into the PSJ drop box attached to the card table to the dealer's left.

- d. When the poker pot reached \$20, the licensee removed two blue \$1 chips from the pot and put them in his chip tray. He “colored-up,”⁵ exchanging the two blue chips for one green \$2 chip from his chip tray and placed the green chip on top of the rake drop box on the table to his immediate right. When the poker pot grew by another \$20, the licensee removed two more blue chips and put them in his chip tray. The licensee moved his hands as though he was removing a second green \$2 chip from his chip tray, and then motioned as though he was combining it with the green \$2 chip he previously placed on top of the drop box. It looked as though the licensee dropped two \$2 green chips into the drop box, when in reality he dropped only one \$2 green chip into the drop box. By doing this, the licensee increased his chip tray by two \$1 blue chips that belonged to the poker pot.
 - e. The licensee repeated this scheme until he finished dealing at the table at 22:36. By then, he had increased his chip tray by forty \$1 blue chips. His chip tray now contained \$300, concealing the \$40 in cash he had taken from the till in the poker podium and had later placed in his pocket.
- 5) The agent received a written statement on March 13, 2014, from Randy Cho, The Hideaway’s Poker Floor Supervisor. Mr. Cho wrote what he saw on February 6, 2014:
- a. He saw Ryan Lawrence take his dealer tray with \$40 cash plus \$260 in chips, and when he returned from dealing on table number 3 and number 1, the licensee had no cash in his tray, nor did he sell any chips to players.
 - b. “I reviewed surveillance footage and witnessed Ryan remove the cash from his dealer tray and place the cash into his shirt pocket.”
- 6) The agent spoke with Mr. Cho over the phone on April 4, 2014, and Mr. Cho told the agent:
- a. At about 8:00, 8:30 (p.m.) on a Thursday (February 6, 2014), he worked as a Floor Supervisor and Mr. Lawrence worked as a poker dealer.
 - b. Mr. Cho counted his poker bank after returning from a break, and it was off by \$6. He had counted down his bank earlier and it should not have been off, so he went to surveillance to review video to see what happened.
 - c. Mr. Cho watched surveillance video of Mr. Lawrence taking \$40 in \$2 chips out of his chip tray and then exchanged it for \$40 in cash from the poker bank. Mr. Cho said there was, “No reason a dealer should have cash in their bank.”
 - d. He watched as Mr. Lawrence dealt two hands and then took \$40 from his chip tray and put it into his left shirt pocket. Mr. Lawrence slowly filled his chip tray, and at the end of his 30-minute dealing period, he had replenished it with \$40 in chips and no cash. “That seemed odd,” Mr. Cho said.

⁵ Coloring up is the exchange of smaller denomination gambling chips for fewer larger denomination gambling chips.

- e. Mr. Cho pulled Mr. Lawrence aside and asked him where the cash from his chip tray was. Mr. Lawrence replied, "Well, I converted it." Mr. Cho relieved Mr. Lawrence and sent him home.
- f. Mr. Cho said he worked as a poker dealer for nine years and had never started a dealing period with cash in his chip tray.

7) The agent spoke with the licensee, Ryan Lawrence, over the phone on March 18, 2014. The agent asked why Mr. Lawrence was let go from The Hideaway. Mr. Lawrence replied he was suspended because Randy (Cho) had accused him of stealing. Mr. Lawrence told the agent:

- a. The Hideaway's President, Teresa Malphrus, called him and asked him why he put money into his pocket. He replied it was because Mr. Cho would not let him make the bank right. Mr. Lawrence said he put money taken from his chip tray into his pocket because he was always keeping cough drops and Chap Stick into his chip tray. "My head was all over the place. I messed up," said Mr. Lawrence, and "I've put money in my shirt pocket before."
- b. When asked by the agent whether he would be shocked if the agent told him he had observed Mr. Lawrence putting money into his pocket on multiple other days, Mr. Lawrence replied, "I would not be shocked."
- c. Mr. Lawrence replied he would not be shocked if the agent had observed him start his 30 minute dealing period with \$260 in his chip tray, and then saw him take extra chips from the poker rake, so that by the end of the 30-minute dealing period, his chip tray contained \$300.
- d. Mr. Lawrence explained he was taking money because he had family issues, his mom had two strokes, the doctor bills were a quarter of a million dollars, and neither of his parents could work. He was living at his parents' home, helping them pay bills, and had filed for bankruptcy. He would have taken no money if his mom did not have such large medical bills.
- e. When asked by the agent how much he had taken from The Hideaway, Mr. Lawrence replied, "Way less than \$500." Mr. Lawrence said he took money from The Hideaway "a few or a couple" of times. He had taken \$40 once or twice. Mr. Lawrence said he had been stealing for only a couple of weeks and the amount was, "honestly, \$200 to \$400," and he didn't think the amount "would cross the \$500 mark." All of the money Mr. Lawrence had taken, he said, was after January 1, 2014.
- f. Mr. Lawrence had been helping his parents for almost one year and he had sold his truck. On January 15 he gave his parents \$1,000.
- g. Mr. Lawrence said, "Yeah, I did wrong." The Hideaway was, "too loose. I ended up exploiting it," and there was no accountability at The Hideaway.

- h. Mr. Lawrence explained how he took the extra chips. He took \$2 to \$3 out of the pot and then put one \$2 chip on top of the drop and extra \$1 went into his chip tray.

8) The agent arrested Mr. Lawrence on April 11, 2014, charging him with Cheating, 1st Degree, Theft 3rd Degree, and Fraud or Deceit. The case was referred to the King County Prosecutor.

VIOLATIONS:

1) RCW 9.46.075 provides 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 licensee:
(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;

(8) Fails to prove, by clear and convincing evidence, that he is qualified in accordance with the provisions of this chapter; and

(10) Has pursued economic gain in an occupational manner or context which is in violation of the criminal or civil policy of this state if such pursuit creates probable cause to believe that the participation of such person in gambling activities would be inimical to the proper operation of an authorized gambling or related activity in this state.

2) WAC 230-03-085 provides that the Commission may deny, suspend or revoke a license when the holder:
(The following subsections apply.)

(1) Commits any act that constitutes grounds under RCW 9.46.075 for revoking a license, or commits any other act that the Commission determines constitutes a sufficient reason in the public interest for revoking a license; and

(8) Poses a threat to the effective regulation of gaming or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gaming activities, as demonstrated by:
(a) prior activities.

3) RCW 9.46.196 defines cheating:
(The following subsections apply.)

“Cheating,” as used in this chapter, means to:

(1) Employ or attempt to employ any device, scheme, or artifice to defraud any other participant or any operator;

(2) Engage in any act, practice, or course of operation as would operate as a fraud or deceit upon any other participant or any operator.

4) RCW 9.46.1961 provides:

(The following subsections apply.)

(1) A person is guilty of cheating in the first degree if he or she engages in cheating and

(b): Holds a license or similar permit issued by the state of Washington to conduct, manage, or act as an employee in an authorized gambling activity.

(2) Cheating in the first degree is a class C felony subject to the penalty set forth in RCW 9A.20.021. In addition to any other penalties imposed by law for a conviction of a violation of this section, the court may impose an additional penalty of up to twenty thousand dollars.

5) RCW 9.46.190 provides that any person or association or organization operating any gambling activity who or which, directly or indirectly, shall in the course of such operation:

(The following subsections apply.)

(1) Employ any device, scheme, or artifice to defraud; and

(3) Engage in any act, practice or course of operation as would operate as a fraud or deceit upon any person.

6) RCW 9.46.153(1) provides that 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 licensee, Ryan M. Lawrence, took between \$20 and \$40 from The Hideaway by employing a scheme using poker chips taken from his chip tray and those he collected from patrons to disguise the cash he took while dealing poker. His conduct and scheme were recorded on video surveillance, and viewed and confirmed by The Hideaway staff and a Commission Special Agent.

The licensee pursued economic gain in an occupational manner and employed a scheme to defraud an operator, his card room employer, and engaged in an act or course of operation as would operate as a fraud or deceit upon a person, in violation of RCW 9.46.1961, and RCW 9.46.190(1) and (3). The licensee poses a threat to the effective regulation of gaming and his actions increase the likelihood of unfair or illegal activities in the conduct of gaming activities, as demonstrated by Mr. Lawrence's prior activities of employing a scheme to disguise the alleged theft of chips and cash.

The licensee has failed to prove by clear and convincing evidence he is qualified for licensure under RCW 9.46.153(1). Grounds, therefore, exist to revoke Ryan M. Lawrence's license under RCW 9.46.075(1), (8), and (10), and WAC 230-03-085(1) and (8).

