

STATE OF WASHINGTON  
GAMBLING COMMISSION

In the Matter of the Revocation of the )  
License to Conduct Gambling Activities of: )  
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 )  
Tracy L. Williams, )  
 )  
Licensee. )  
\_\_\_\_\_ )

No. CR 2008-00888

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

RICK DAY alleges as follows:

I.

He is the Director of the Washington State Gambling Commission and makes these charges in his official capacity.

II.

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

III.

The Washington State Gambling Commission issued Tracy L. Williams, of Tacoma, Washington, the following license:

Number 68-20493, Authorizing Card Room Employee Activity at the Palace Casino in Lakewood, Washington.

This license, which expires on October 17, 2008, was issued subject to the licensee's compliance with state gambling laws and Commission rules.

IV.

**SUMMARY:**

Tracy L. Williams (CRE) engaged in a scheme involving a promotional contest of chance (PCOC) drawing "Money Mania."<sup>1</sup> While working as a security officer, the CRE gave a patron

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<sup>1</sup> Money Mania is a promotional contest of chance drawing conducted by the Palace Casino, which allows a patron with a drawn winning ticket to spin a wheel to win a monetary prize ranging from \$25 to \$300.

the PCOC ticket, which the CRE later called to allow the patron to win \$50. The patron gave the \$50 to the CRE. The CRE admitted to the cheating scheme.

**FACTS:**

- 1) On May 13, 2008, a Commission Special Agent (agent) received an e-mail from Kim Charles, general manager, reporting a possible cheating scheme involving promotional contest of chance (PCOC) called "Money Mania" at the Palace Casino, Lakewood. According to the e-mail, Jason Lee, customer, reported the cheating.
- 2) The agent then visited the casino and took copies of witness statements, the incident report, personnel documents, and surveillance coverage of the incident.
- 3) The agent then reviewed the reports and noted the winner of the PCOC, Mr. Lee, informed the on-duty manager, Ms. Robb, of the scheme. Ms. Robb told the agent that she received a phone call from Mr. Lee. Mr. Lee told her that the CRE gave him a ticket for a drawing when he was outside the casino, and the CRE suggested that he stay for the drawing. Mr. Lee told Ms. Robb that he won \$50 in the 1:00 a.m. drawing. The CRE then approached Mr. Lee at the bar and told Mr. Lee they could go to the bathroom to split the money. Mr. Lee told Ms. Robb that he became uncomfortable and gave the \$50 to the CRE and left the premises.
- 4) On May 14, 2008, the agent reviewed the surveillance coverage of the incident on May 9, 2008, and observed the following:
  - At 12:45:48, (View 1), the CRE and two Asian males had a conversation outside the front door of the Palace Casino.
  - At 12:46:11, (View 1), the CRE dropped an item on the ground and re-entered the casino.
  - At 12:46:20, (View 1), an Asian male, (later identified as Jason Lee), picked up the item and re-entered the casino.
  - At 12:50:41, (View 2), the CRE appeared to call a winning ticket number for the drawing. The CRE did not take a ticket from the ticket container next to the security podium.
  - At 12:51:14, (View 2), Mr. Lee approached the CRE and redeemed the winning ticket from the ticket container next to security.
  - At 12:53:45, (View 2), Mr. Lee left the cashier's cage area and went to the bar.

- At 12:59:27, (View 3), the CRE sat down at the bar with Mr. Lee and had a conversation.
  - At 01:02:20, (View 3), the CRE, Mr. Lee, and the other Asian male left the bar area.
  - At 01:02:30, (View 1), the CRE, Mr. Lee, and the other Asian male exited the casino.
- 5) On May 16, 2008, the agent met with Lana Kerr, the director of human resources. Ms. Kerr told the agent that the CRE provided a written statement regarding the incident. The agent took a copy of the CRE's statement and a copy of the rules for the PCOC.
  - 6) Later that same day, the agent contacted Mr. Lee regarding the PCOC. The agent asked Mr. Lee to describe the incident. Mr. Lee told the agent that he was an Asian male wearing a dark colored shirt and was with another Asian male. He went to the Palace Casino to play slot machines, but discovered that the casino did not have slot machines, and he was going to leave. He then asked the security officer, who was a black male, approximately 5'10", medium build, where he could go to play slot machines. He then left the casino at about 12:45am. The security officer outside the door approached him. The security officer informed both of them about the drawing and suggested they stay. The security officer then made a comment about the surveillance coverage and left a drawing ticket on the ground behind a building support column. He stated he picked up the ticket and went back inside the casino.
  - 7) Mr. Lee told the agent that he then went to the bar with his friend. After the drawing, he realized he had the winning ticket. He went to redeem his winning ticket and the same security officer, who gave him the ticket, was conducting the drawing. Mr. Lee told the agent that he believed the drawing was rigged. He then spun a promotional wheel and won \$50. The security officer then took him to the cashier's cage to get the \$50.
  - 8) Mr. Lee told the agent that after he won the prize and the security officer approached him at the bar and sat down. The security officer then told him they could go to the bathroom to split the money. Mr. Lee stated he informed the security officer he was uncomfortable giving him any of the money at the premises so they agreed to meet at the gas station parking lot next door. Mr. Lee told the agent that he left the casino after 1:00am and went directly to the gas station parking lot. Mr. Lee stated the security officer informed him he needed the money because his friend's car was re-possessioned.
  - 9) Mr. Lee told the agent that he then went home and felt uncomfortable. He then called the casino, spoke to a female manager, and informed her about the incident. Mr. Lee told the agent that the security officer gave him the impression that there was another security officer involved in the scheme and this was not the first time. The agent then described the CRE's physical description, and Mr. Lee told the agent that he matched the description of the security officer he met with.

- 10) On May 19, 2008, the agent and a second agent met with the CRE. The agent informed the CRE he was free to leave at any time. The CRE stated that he understood. The agent then read the CRE a warning and waiver of his constitutional rights. The CRE stated he understood his rights and agreed to answer questions. The agent asked the CRE if he knew why he was there. The CRE stated that he believed it was about a drawing at the Palace Casino, in Lakewood. The CRE told the agent that he and another security officer, "Paul," (Pholo "Paul" NHEM) conducted the "Money Mania" drawing at that time. "Paul" withdrew a ticket for the drawing from a container and handed it to him. The CRE stated that he announced the ticket number using a microphone and no one came up to claim the prize. The CRE stated that "Paul" withdrew another ticket from the container and announced the ticket number. The CRE stated a customer came up and claimed the prize. The CRE told the agent that he believed the customer won \$50 by spinning the promotional wheel.
- 11) The CRE told the agent that he worked as a security officer in the gaming industry for approximately five years. The agent told the CRE that a cheating scheme was set up for the "Money Mania" drawing on May 9, 2008, at approximately 1:00am. The agent asked the CRE if he rigged the drawing. The CRE stated no. The agent then informed the CRE that he observed him outside dropping a drawing ticket on the ground in front of a customer, picked up the ticket and re-enter the casino. The agent informed the CRE that the customer then won the drawing. The CRE then stated he did it.
- 12) The CRE told the agent that he talked with the customers outside, and he put a ticket on the ground in front of one of the customers. He then informed the customers they should stay for the drawing. The CRE told the agent that he made a comment to the customer about splitting the winnings. He then conducted the drawing. The customer won the drawing and \$50 by spinning a wheel. After the drawing, he met the customer at the bar and they left the casino together. The CRE stated he and the customer went to the parking lot of a nearby Shell gas station and the customer gave him the entire \$50.
- 13) The CRE told that agent that he and other security officers had been setting up winners for the drawings for some time because a friend of the security officers had his car re-possessed. They were attempting to raise money for him. The CRE did not want to provide the names of the other security officers. The CRE then provided a written statement about the incident.
- 14) On May 19, 2008, the agent contacted Palace Casino's staff by telephone, Bruce Meyer, Kim Charles, and Cathy Lewis regarding their PCOC drawings. The agent informed them that they needed to strengthen their internal controls for PCOC drawings.

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## VIOLATIONS:

- 1) RCW 9.46.075(1) provides that the Commission may revoke a license if the licensee has violated the provisions, requirements or duties imposed by chapter 9.46 RCW or any rule adopted by the Commission.
- 2) WAC 230-03-085(1) provides that the Commission may revoke a license when the holder, or any other person with any interest in the holder, commits any act that constitutes grounds under RCW 9.46.075 for revoking licenses, or commits any other act that the Commission determines constitutes a sufficient reason in the public interest for revoking licenses or permits.
- 3) RCW 9.46.190 provides, in part, that any person or association or organization operating any gambling activity who or which, directly or indirectly, shall in the course of such operation employ any device, scheme, or artifice to defraud; or engage in any act, practice or course of operation as would operate as a fraud or deceit upon any person shall be guilty of a gross misdemeanor subject to the penalty set forth in RCW 9A.20.021.
- 4) RCW 9.46.1961 states that a person is guilty of cheating in the first degree if he or she engages in cheating<sup>2</sup> and 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. 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.

On May 9, 2008, the Tracy L. Williams (CRE) engaged in a cheating scheme involving a PCOC drawing by giving a patron the PCOC ticket, which the he later called to allow the patron to win \$50, which the patron gave to the CRE. By giving the patron the winning ticket, the CRE employed a scheme to defraud or engaged in an act, practice, or course of operation as would operate as a fraud or deceit on a person, in violation of RCW 9.46.190. Therefore, grounds exist to revoke Tracy L. Williams' gambling license pursuant to RCW 9.46.075(1), and WAC 230-03-085(1).

- 5) RCW 9.46.075(8) states, in part, that the Commission may revoke any license for any reason or reasons, it deems to be in the public interest when the licensee, or any person with any interest fails to prove, by clear and convincing evidence, that he is qualified in accordance with the provisions of this chapter

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<sup>2</sup> RCW 9.46.196 Cheating Defined - (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; (3) Engage in any act, practice, or course of operation while participating in a gambling activity with the intent of cheating any other participant or the operator to gain an advantage in the game over the other participant or operator; or (4) Cause, aid, abet, or conspire with another person to cause any other person to violate subsections (1) through (3) of this section.

6) RCW 9.46.153(1) provides that it shall be the affirmative responsibility of each licensee to establish by clear and convincing evidence the necessary qualifications for licensure.

7) WAC 230-03-085(8) provides that the Commission may revoke a license when the holder, or any other person with any interest in the holder commits any act that poses a threat to the effective regulation of gaming or creates or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gaming activities, as demonstrated through the person's prior activities, criminal record, reputation, habits, or associations.

8) RCW 9.46.075(10) provides, in part, that the Commission may revoke any license or permit issued by it, when the holder 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.

By the above conduct, the licensee has shown he is a threat to the effective regulation of gambling and has failed to clearly and convincingly establish that he is qualified to hold a gambling license in violation of RCW 9.46.153(1). Therefore, grounds exist to revoke Tracy L. Williams' gambling license pursuant to RCW 9.46.075(1), (8), (10) and WAC 230-03-085(8).

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V.

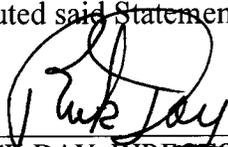
The charges specified in paragraph IV above constitute grounds for revoking the gambling license issued to Tracy L. Williams pursuant to RCW 9.46.075 and WAC 230-03-085.

VI.

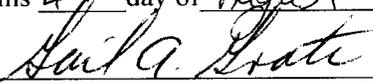
The licensee shall be afforded the opportunity to have an Adjudicative Proceeding, which includes a hearing on the alleged violations. In order to commence an Adjudicative Proceeding, the enclosed APPLICATION FOR ADJUDICATIVE PROCEEDING AND REQUEST FOR HEARING MUST BE COMPLETED IN FULL by the LICENSEE OR REPRESENTATIVE and returned to the Gambling Commission within 23 days from the date of mailing of this notice. Failure to return this document will result in the entry of a DEFAULT ORDER pursuant to RCW 34.05.440 and WAC 230-17-010, the imposition of the penalty set out above (REVOCATION OF YOUR LICENSE) or one of lesser degree and shall constitute a waiver of any further rights to a hearing or review in this matter.

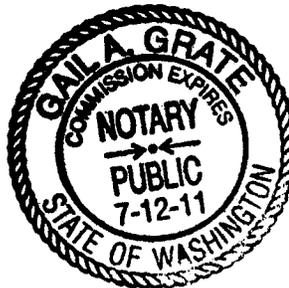
STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF THURSTON )

Rick Day, being first duly sworn on oath, deposes and says: That he has read the foregoing Notice of Administrative Charges and Opportunity for Adjudicative Proceeding, knows the contents thereof, and believes the same to be true, and that he is the Director of the Washington State Gambling Commission and in that capacity has executed said Statement of Charges.

  
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RICK DAY, DIRECTOR

SUBSCRIBED AND SWORN TO before me  
this 4th day of August, 2008.

  
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NOTARY PUBLIC in and for the State of  
Washington residing at: Thurston County  
My Commission expires 7-12-2011



STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF THURSTON )

I hereby certify that I have this day served a copy of the document upon all parties of record in the proceeding by mailing a copy thereof, properly 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 5th day of August, 2008

Communications and Legal Department  
Washington State Gambling Commission

