

STATE OF WASHINGTON  
GAMBLING COMMISSION

In the Matter of the Revocation of )  
the License to Conduct Gambling Activities of: )  
 )  
 )  
Hu Chang, )  
Lynnwood, Washington, )  
 )  
Licensee. )  
\_\_\_\_\_ )

NO. CR 2009-00468

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

I.

The Washington State Gambling Commission issued Hu Chang the following license:

Number 68-05966, authorizing him to work as a Card Room Employee.

This license expires on October 13, 2009, and was issued subject to Mr. Chang's compliance with state gambling laws and regulations.

II.

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

III.

Rick Day, Director of the Washington State Gambling Commission, charges the licensee with the following violation(s) of the Washington State Gambling Act, 9.46 RCW, and WAC Title 230.

- 1) On March 18, 2009, a Commission Special Agent (agent) received correspondence from the Director of Operations of Red Dragon Casino, reporting that on March 15, 2009, poker dealer Hu "Luke" Chang took \$60 worth of chips from his dealing tray (house money) to play poker. He did not pay for his chips until several hours later, and did so only by taking the rake<sup>1</sup> and putting it into his dealing tray instead of the drop box.
- 2) An agent went to the Red Dragon and collected records and surveillance tapes, which show Mr. Chang's behavior. The surveillance tapes, witness interviews and documents illustrate the following:

- The surveillance tapes show that at 12:30 on March 15, 2009, Mr. Chang places his dealing

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<sup>1</sup> The rake is the fee collected for playing cards and all raked funds go to the house. Poker dealers are responsible for collecting the rake from poker games and placing them in the drop box. "The house" is a term used for a card room or casino.

tray in the poker cabinet. He removes 20 yellow chips from his dealing tray and places them in a dealer's poker bank. Each yellow chip is worth \$3.00, for a total of \$60.00. Mr. Chang's dealing tray is therefore short \$60.00, and the poker bank is over by \$60.00.

- At 12:30, surveillance tapes next show the on-duty poker dealer at a poker table with the bank Mr. Chang has altered. The rack contains \$200 in white chips. These chips are part of the poker bank and are used to sell to players who want to play poker. Mr. Chang takes three rows of white chips from the dealer's bank. Each row of twenty white chips equals twenty dollars, resulting in \$60.00 total for the three rows. The dealer's poker bank is now no longer over. Extension of credit without pay is in violation of the Red Dragon internal controls.
- Mr. Chang then sits on the left side of the dealer, and starts playing poker with the \$60.00 in chips.
- Mr. Chang starts dealing poker at approximately 13:00. At this time, the two left columns of his dealing tray are open. Mr. Chang then accumulates approximately \$17 in tokes, which he puts in his dealing tray instead of in the toke box.<sup>2</sup>
- When Mr. Chang resumes dealing at approximately 14:00, the left column of his dealing tray is open. Mr. Chang then moves the stack of chips that is in the far right column of his dealing tray to the second column from the right. During the period of 14:00 and 14:30, Mr. Chang places \$14.00 of his tokes in the far left column of his dealing tray and \$10.00 of rake in the far right column of his dealing tray.
- When Mr. Chang resumes dealing at approximately 15:00, he moves chips from the far right column of his dealing tray to the second column from the left. During the period of 15:00 to 15:30, Mr. Chang uses the far right column to put his tokes and rake money in. During this time period, Mr. Chang puts at least \$10.00 in tokes, and \$5.00 in rake chips in his dealing tray.
- When Mr. Chang resumes dealing at approximately 16:00, the far right column of his dealing tray has only a couple of chips in it. At the end of this dealing period, there are quite a few more chips in this section of his tray. During this time period, Mr. Chang puts at least \$6 in rakes in his dealing tray.
- At approximately 17:33 on March 15, 2009, shift supervisor Victor Schweifert and casino manager Kalli Jo Thompson interview Mr. Chang in the Red Dragon conference room, which has audio and video recording equipment. Upon entering the room, Mr. Chang says, "I'm sorry," and asks if he is in trouble. Ms. Thompson informs Mr. Chang that she received a call from surveillance, that she reviewed the video, and saw Mr. Chang take chips from the poker bank and pay it back from his bank. Ms. Thompson also tells Mr. Chang that she saw

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<sup>2</sup> Tokes are gratuity received by card room employees who are dealers, from players or patrons. Dealers are required to immediately place tokes into a drop box called a toke box. These boxes are portable, and attached to the table when the dealer arrives at the table to deal.

him put some of his tokens, and some of the rake in his dealing tray instead of dropping the chips in the appropriate drop boxes.

- At approximately 17:41, Mr. Chang turns in his dealing tray and cashes out his token box. When Mr. Chang gives his dealing tray to the cage cashier, it has \$288 in chips in it and \$30 in cash, which is \$18 over. The count is off on his tray. The cage cashier informs Mr. Chang that his tray is over \$18. Mr. Chang tells the cashier that he needs chips for the rake, so the cashier gives him back \$18 in chips.
  - On April 14, 2009, the Red Dragon Director of Operations contacted the agent, and informed her that he would be terminating Mr. Chang.
  - Mr. Chang received a warning letter on August 6, 2008, for failing to account for cash in the poker bank at Red Dragon Casino. Mr. Chang was covering up for an employee who had extended himself credit.
- 3) Mr. Chang violated RCW 9.46.190, WAC 230-06-03, WAC 230-06-035 (1), and WAC 230-15-425(2), and is not qualified for a license under RCW 9.46.153(1). Therefore, grounds exist to revoke his license under RCW 9.46.075(1), (8) and (10) and WAC 230-03-085(1) and (8.)

**RCW 9.46.075 Denial, suspension, or revocation of license, permit states:**

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 licensee, or any person with any interest therein:

- (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, 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.

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**RCW 9.46.190 Violations relating to fraud or deceit states:**

Any person or association or organization operating any gambling activity who or which, directly or indirectly, shall in the course of such operation:(1) Employ any device, scheme, or artifice to defraud; or(3) 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.02.021.

**WAC 230-06-035 (1) Extension of Credit states:**

Licenseses, employees, or members must not offer or give credit, loans, or gifts to any person playing in an authorized gambling activity or which makes it possible for any person to play in an authorized gambling activity. You must collect the price required to participate in the gambling activity in full before allowing someone to participate. Licenseses must collect cash, check, gift certificate, gift card or electronic point-of-sale bank transfer.

**WAC 230-15-425(2) Failure to follow Internal Controls states:**

Licensed card room employees must follow the internal procedures for their individual functions. Extension of credit without pay is in violation of the Red Dragon internal controls.

**WAC 230-03-085 Denying, suspending, or revoking an application, license or permit states:**

We may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization:

(1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.

(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 (b) Criminal record; or (c) Reputation; or (d) Habits; or (e) Associations.

**RCW 9.46.153 Applicants, licensees-Responsibilities, and duties-Waiver of liability - Investigation statement as privileged states:**

(1) 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.

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

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IV.

The charges specified above constitute grounds for revoking the gambling license held by Hu Chang, to conduct authorized gambling activities under the authority of RCW 9.46.075 and WAC 230-03-085.

V.

You have an opportunity to have a hearing on the alleged violations.

To have a hearing, you must fully complete the enclosed REQUEST FOR HEARING and return it to the Gambling Commission within **23 days** from the date this notice was mailed to you.

Under RCW 34.05.440, FAILURE TO RETURN THIS DOCUMENT WILL RESULT IN THE ENTRY OF A DEFAULT ORDER REVOKING YOUR LICENSE.

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF THURSTON )

Rick Day, being duly sworn on oath, says: That he has read this Notice of Administrative Charges and Opportunity for An Adjudicative Proceeding, knows the contents of it, believes it to be true, that he is the Assistant Director of the Washington State Gambling Commission, and in that capacity has executed this Notice.

*Rick Day*  
\_\_\_\_\_  
Rick Day, Director

SUBSCRIBED AND SWORN TO before me  
this 20th day of May, 2009.

*Jessica Quiles*  
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NOTARY PUBLIC in and for the State of  
Washington residing at Thurston County  
My Commission expires on 4-28-2010

