

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Summary Suspension of the)	
License to Operate Gambling Activities of:)	NO. CR 2010-00470
)	
Eddie Williams,)	FINDINGS OF FACT,
Spokane, Washington,)	CONCLUSIONS OF LAW,
)	AND ORDER OF SUMMARY
Licensee.)	SUSPENSION OF LICENSE

RCW 9.46.070(17) authorizes the Washington State Gambling Commission (Commission) to summarily suspend¹ a license, subject to final action by the Commission. The Director has reviewed this Order of Summary Suspension and has issued it for service.

This order takes effect when served on Mr. Williams, his representative, or agent. A Commission Special Agent shall seize Eddie Williams' Card Room Employee license and he must stop conducting gambling activities.

FINDINGS OF FACT

I.

Rick Day is Director of the Washington State Gambling Commission and issues this order. Jurisdiction of this proceeding is based on chapter 9.46 RCW, Gambling, chapter 34.05 RCW, the Administrative Procedure Act, and Title 230 WAC.

II.

The Washington State Gambling Commission issued Eddie Williams the following license:

License number: 68-24676, Authorizing Card Room Employee Activity at Lilac Lanes and Casino in Spokane.

The Commission issued this license, which expires on January 15, 2011, subject to the licensee's compliance with state gambling laws and Commission rules.

¹ WAC 230-17-165 defines summary suspension as immediately taking a license or permit from a person or organization which prevents them from operating or conducting gambling activities.

III.

After a thorough review of the report by a Commission Special Agent about the facts in this matter, the Director accepts the report as true and has determined that the summary suspension is necessary.

IV.

SUMMARY:

Mr. Williams made untrue or misleading statements to Commission agents, conspired with other Card Room Employees to violate Commission laws and rules, and caused a Card Room Employee to erase surveillance video to cover up for Mr. Williams' false and misleading statements.

FACTS:

- 1) On April 8, 2010, a Commission Special Agent (agent) received information from a confidential informant (CI) that General Manger Eddie Williams and Accounting Manager Shari Cawley at Lilac Lanes and Casino (Lilac Lanes) told the CI that \$173,000 was missing from Lilac Lanes. The CI said that Mr. Williams and Ms. Cawley told the CI not to tell the Gambling Commission about the missing money because they would investigate.
- 2) The agent then called Mr. Williams and asked how things were going at Lilac Lanes, which is licensed to conduct gambling activity. Mr. Williams told the agent that there was an accounting error involving the Automated Teller Machine (ATM) and it was being resolved.
- 3) On April 8, 2010, around 1:49 p.m. the agent and another agent went to Lilac Lanes and interviewed Mr. Williams. The following is a summary of the interview:
 - a) Rick Stine, an owner of Lilac Lanes, told him that there were accounting irregularities with the ATM and \$173,000 was missing.
 - b) Mr. Stine asked Mr. Williams to send him all ATM logs for January through March 2009, but Mr. Williams was unable to find the records for January and February 2009.
 - c) The money for the ATM is placed in the upper safe on weekends and in the office on weekdays.
 - d) Mr. Williams, Ms. Cawley, Jim Allen, a Front Desk Employee, and Brittany Fields, Accounting Assistant, have access to the upper safe and the accounting office.
 - e) There are two ATMs at Lilac Lanes, and Ms. Fields logs the money for the ATMs on a spreadsheet. Ms. Cawley tells the cage cashier how much money to withhold from the daily cash receipts to refill the ATMs.
 - f) Mr. Williams and Ms. Fields are currently the only ones who fill the ATMs.

4) After they finished interviewing Mr. Williams, the agents interviewed Ms. Cawley around 2:29 p.m. The following is a summary of the interview:

- a) Ms. Cawley did not have access to the ATM funds and the only people who did were Mr. Williams, Mr. Allen, and Ms. Fields.
- b) The cage cashier determines how much money to withhold from the daily cash receipts to refill the ATMs based on how much money is already in the ATM.
- c) Once the front desk employee verifies the cage cashier's paperwork, the cage cashier puts the ATM money into the upper safe and gives the paper work to Ms. Fields.
- d) When Mr. Williams arrives at work, he removes the ATM money from the upper safe, fills the ATM, and gives the ATM paperwork to Ms. Fields.
- e) Ms. Fields completes a spreadsheet that shows how much money is in the ATM.
- f) The agent told Ms. Cawley that although she said she did not touch the ATM money, she did have access to it when it was in the accounting office.
- g) Ms. Cawley said that the ATM money is kept on top of a cabinet in the accounting office and she just happens to be in the office at the same time.
- h) Ms. Cawley did not know how much ATM money was in the upper safe, but guessed about \$12,000.

5) After they finished interviewing Ms. Cawley, the agents interviewed Ms. Fields around 3:38 p.m. The following is a summary of the interview:

- a) The cage cashier determines the amount of money withheld to refill the ATMs and brings the ATM money to the accounting office. The cage cashier employees who do this are herself, Sara Cochran, and Danielle Peterson.
- b) The cage cashier gives the ATM money to Mr. Williams or Ms. Cawley, or if neither one of them is there, the money will go into the upper safe. When she is the only one in the accounting office, Ms. Fields will hold the money until someone comes to fill the ATM.
- c) If the money withheld for the ATM is not needed, it is put into the upper safe.

6) After the interviews, the agents asked Mr. Williams to show them the upper safe. Mr. Williams asked Mr. Allen to open the upper safe and they found it contained a gray bank bag with "ATM" written on it. Mr. Allen counted the money in the bag and it totaled \$13,000. Mr. Williams told the agents that was money for the ATM.

7) The agents asked Mr. Williams if there were any other safes in the building, and Mr. Williams said that there was a safe in the accounting office under Ms. Cawley's desk and another safe that no one had access to.

8) The agents went with Mr. Williams to the accounting office and Ms. Cawley opened the safe under her desk. Ms. Cawley said that she kept miscellaneous money in the safe and the agent saw a couple of envelopes each with a small amount of money in them.

9) On April 8, 2010, after the agents left Lilac Lanes, the CI called the agent. The following is a summary of the telephone call:

- a) Ms. Cawley told the CI to delete the surveillance video that shows her putting ATM money into the upper safe. That way, the agents would not know that she lied to them during her interview about her handling ATM money.
- b) Ms. Cawley told the CI that she moved money from the safe under her desk into the upper safe so the Commission agents would not find it in her office.

The agent told the CI to back up the surveillance video and keep the backup video in his possession.

10) On April 9, 2010, the agent received a call from the CI. The following is a summary of the telephone call:

- a) When the CI arrived to work on April 9, 2010, Ms. Cawley again asked the CI to delete the surveillance video that showed her putting money into the upper safe.
- b) Mr. Williams was also present. The CI asked Mr. Williams if the surveillance video should be deleted. Mr. Williams told the CI that he thought the agents were only looking at paperwork and to wait on deleting the surveillance video.
- c) The CI was scared that if he did not delete the surveillance video, Ms. Cawley and Mr. Williams would fire him.
- d) The CI had already backed up the surveillance video that Ms. Cawley asked him to delete and it showed Ms. Cawley putting something into the upper safe.

The agent told the CI not to destroy any surveillance videos, but if he felt his job was threatened the CI would need to do what he felt was necessary.

11) On April 9, 2010, at approximately 1:43 p.m., the agent called Mr. Williams and requested that he give the agent surveillance video for the last seven days of all the safes, including the upper safe, along with other areas covered by surveillance cameras. Mr. Williams told the agent he would ask the surveillance department, but he did not think that the casino had the surveillance video the agent wanted.

12) On April 9, 2010, at approximately 2:00 p.m., the agent received a call from the CI. The following is a summary of the telephone call:

- a) Ms. Cawley had just pulled him into the accounting office where Ms. Fields and Mr. Williams were also present.
- b) Mr. Williams told the CI to delete the surveillance video that showed Ms. Cawley putting money into the upper safe. Mr. Williams said, "Get rid of it" and "make it go away."
- c) Mr. Williams also told the CI to delete other surveillance video so that it looked like there was a surveillance malfunction.
- d) Ms. Cawley also told the CI to get rid of the surveillance video that showed her putting money in to the upper safe.

- e) The CI deleted the surveillance video because he thought that Mr. Williams and Ms. Cawley would fire him if he did not delete it.
- f) The CI had already backed up onto a DVD the video that Mr. Williams and Ms. Cawley had asked him to delete.

13) On April 9, 2010, agents went to Lilac Lanes to observe an accounting firm hired by Mr. Stine do a count of money currently located in the upper safe. While at Lilac Lanes, Jim Allen, Front Desk Employee, told the agent:

- a) Prior to yesterday, he had never before seen the gray bank bag with "ATM" written on it that he removed from the upper safe, and the money in the gray bag was not used for ATM fills.
- b) On April 8, 2010, he saw Ms. Cawley take the gray bank bag from her office and put it in the upper safe.
- c) He gave the accounting firm a bowling alley bank bag from the upper safe with \$3,500 in it to include in the money count. He had never seen this bank bag before either.
- d) He felt that the agent should know that he had never seen the bank bag before, and Mr. Williams and Ms. Cawley would not be happy that he told the agent.

14) On April 12, 2010, the CI met with the agent, and gave the agent three DVDs with surveillance videos he backed up.

- a) One of the DVDs shows on April 8, 2010, at approximately 12:47 p.m., Ms. Cawley putting what appears to be a bank bag into the upper safe. Mr. Williams is next to Ms. Cawley as she does this.
- b) Another DVD shows on April 8, 2010, at approximately 5:22 p.m., the CI and Ms. Cawley talking. The CI said this was the first time Ms. Cawley asked him to delete the surveillance video of her putting money into the upper safe.
- c) A third DVD shows Mr. Williams leaving the accounting office on April 9, 2010, at approximately 1:58 p.m. This was after Mr. Williams told the CI to delete the surveillance video of Ms. Cawley putting money into the upper safe.

15) The CI also told the agent that on April 8, 2010, after the agent called Mr. Williams, Ms. Cawley told the CI that she kept ATM money in the safe under her desk in the accounting office. Also on April 9, 2010, Ms. Cawley also told the CI that she was worried that the Gambling Commission would view her cash purchases and an \$8,000 down payment on her boat as suspicious.

16) After the CI met with the agent, the CI called the agent and said that Ms. Cawley told cage cashier Danielle Peterson to tell the agent that Ms. Cawley does not receive ATM money and the ATM money goes into the upper safe. Ms. Cawley told the CI that Ms. Peterson agreed to lie to the agent.

17) On April 13, 2010, the agent and another agent interviewed Mr. Williams. The following is a summary of the interview:

- a) Ms. Cawley never did ATM fills after she became accounting manager and he along with Ms. Fields handled the ATM money.
- b) He denied that he asked that surveillance video be deleted.
- c) On April 8, 2010, he told Ms. Cawley that he spoke to the agent about ATM shortages and "it was after that I saw Shari at the safe."
- d) He did not see Ms. Cawley put ATM money into the upper safe on April 8, 2010, and that he has never seen her access the upper safe.
- e) He denied asking during a meeting on April 9, 2010, in the accounting office that the surveillance video of Ms. Cawley putting money into the upper safe on April 8, 2010, be deleted.
- f) He did not hear Ms. Cawley ask during a meeting on April 9, 2010, in the accounting office that surveillance video of herself putting money into the upper safe on April 8, 2010, be deleted.

18) On April 13, 2010, the agents interviewed cage cashier Danielle Peterson. The following is a summary of the interview:

- a) She opens the cashier cage and makes ATM deposits.
- b) She pulls money from the daily count of gambling and non-gambling revenue for the ATM and takes the ATM money to the accounting office.
- c) On weekdays she always takes the ATM money to the accounting office and gives the ATM money to Ms. Cawley or Ms. Fields.
- d) On April 12, 2010, Ms. Cawley told Ms. Peterson that agents were investigating Ms. Cawley and Mr. Williams. Because Ms. Cawley had told the agents the ATM money is put in the upper safe, Ms. Peterson needed to tell the agent the same story.
- e) Ms. Cawley was her boss and she felt she had to do as asked or Ms. Cawley would fire her.
- f) Along with other employees, Ms. Fields was present on April 12, 2010, when Ms. Cawley told her to lie to the agent.

19) On April 13, 2010, the agents interviewed Ms. Fields. The following is a summary of the interview:

- a) The ATM money goes to her or Mr. Williams in the accounting office. Ms. Cawley does not touch the money.
- b) On weekdays, Ms. Peterson completes the ATM deposits. On weekends, the ATM money goes into the upper safe and nothing goes to the accounting office.
- c) She does not know of ATM money being stored in the safe under Ms. Cawley's desk or of ATM money being moved from that safe to the upper safe.

- d) On April 8, 2010, either Ms. Cawley or Mr. Williams told her that they were worried that a Gambling Commission agent was coming. This was about an hour before the agents arrived at Lilac Lanes.
- e) She did not hear anyone ask about deleting surveillance video.
- f) On April 9, 2010, during a meeting in the accounting office she and Ms. Cawley were “worked up” and discussed what the consequences would be if they were charged. The CI was also in the accounting office.

20) On April 13, 2010, the agents interviewed Ms. Cawley. The following is a summary of the interview:

- a) Prior to being interviewed by an agent on April 8, 2010, she asked Mr. Williams to put away the money that was not put into the ATM. Mr. Williams did not put the money away so she put it in the safe under her desk. She then moved the ATM money from her safe into the upper safe. Mr. Allen and Ms. Fields saw her do this.
- b) On April 8, 2010, during the interview with the agents, she told the agents that she did not have access to ATM funds. She was concerned that they would discover that she moved ATM money from the safe under her desk into the upper safe.
- c) She asked the CI and found out that surveillance video showed her putting money into the upper safe. She told the CI that the agent would arrest her if the agent saw her touching the ATM money.
- d) She asked the CI to get rid of the surveillance video because she was scared. Later, the CI told her the video was deleted.
- e) On April 9, 2010, while they were in the accounting office, she told Mr. Williams that the CI saw her put money into the upper safe. Ms. Fields may have been in the accounting office at that time as well.
- f) She did not remember asking any other employees to lie for her. An agent specifically asked her about asking Ms Peterson to lie to agents. Ms. Cawley said she did not use those exact words (“lie for her”).

21) On April 14, 2010, agents interviewed Mr. Allen. The following is a summary of the written statement he gave to the agents:

- a) A cage cashier brings the ATM money to the accounting office and sets it on Ms. Fields’ desk.
- b) On April 8, 2010, Mr. Allen saw Ms. Cawley put a bag into the upper safe. Mr. Allen had never seen Ms. Cawley do this before.
- c) When the agents had him open the upper safe, the safe had an ATM bag with \$13,000 in it. This was the same bag that he saw Ms. Cawley put into the upper safe.

22) On April 20, 2010, agents interviewed Ms. Fields. The following is a summary of the interview:

- a) In January 2010, Ms. Cawley told Ms. Fields that she was worried that the Gambling Commission would come after her because of the ATM. Ms. Cawley wanted to delete monthly records so that agents would not find discrepancies in ATM records. Ms. Fields told Ms. Cawley that destroying records was not a good idea and Ms. Fields did not destroy any records.
- b) The ATM money would be put on Ms. Fields' desk in the accounting office and she would give it to Ms. Cawley. The only time that ATM money was put in the upper safe was on weekends.
- c) Almost every day, not all of the money would be put into the ATM and the extra money would be put in the safe under Ms. Cawley's desk.
- d) She has seen Mr. Williams hand Ms. Cawley ATM money and she would put it in the safe under Ms. Cawley's desk.
- e) On April 8, 2010, Ms. Cawley said she had to get the ATM money out of the safe under her desk and put it in to the upper safe. Ms. Cawley told Ms. Fields not to say anything about money being in the safe under Ms. Cawley's desk.
- f) On April 9, 2010, in the accounting office, Ms. Cawley told the CI to delete the surveillance video of her putting money into the upper safe. Mr. Williams came into the accounting office and Ms. Cawley told him that she wanted the surveillance video destroyed. Later, Ms. Cawley told Ms. Fields that the surveillance video was destroyed.
- g) On April 12, 2010, Ms. Cawley met with Ms. Fields, Ms. Peterson, and other employees and told them that she was worried because agents were accusing her of taking money.
- h) Ms. Fields, Ms. Cawley, and Mr. Williams talked at home and Ms. Cawley said to stick to the story and everything would be ok.
- i) The story was that the money was kept in the upper safe and the ATM money was never in the accounting office.

23) On April 20, 2010, an agent spoke to Mr. Stine, owner of Lilac Lanes. An accounting firm started an annual audit in March 2010 and Mr. Stine did not learn of the ATM shortages until April 2010.

CONCLUSIONS OF LAW

I.

1) **RCW 9.46.070(17)** provides that the Commission shall have the following powers and duties: The Commission may authorize the Director to temporarily suspend licenses subject to final action by the Commission.

2) **WAC 230-17-165(2)** provides that the Commission delegates its authority to the Director to summarily suspend any license if the Director determines that a licensee has performed one or more of the actions identified in RCW 9.46.075 as posing a threat to public health, safety, or welfare.

3) **WAC 230-17-165(3)** The Commission deems the following actions of a licensee constitute an immediate danger to the public safety and welfare:

(The following subsections apply.)

(a) Failing or refusing to comply with the provisions, requirements, conditions, limitations, or duties imposed by chapter 9.46 RCW or any rules adopted by the Commission; or

(b) Knowingly causing, aiding, abetting, or conspiring with another to cause any person to violate any of the laws of this state or the rules of the commission; or

(h) Making a misrepresentation of, or failure to disclose, a material fact to the Commission.

Mr. Williams made false and misleading statements to agents when he said Ms. Cawley did not have access to the ATM funds and the cage cashier's usual procedure is to put the ATM money into the upper safe.

Mr. Williams conspired with Ms. Cawley to have the CI destroy surveillance video of Ms. Cawley putting a bank bag into the upper safe to cover up for false and misleading statements they made to agents. By ordering the CI to delete surveillance video, Mr. Williams caused the CI to violate WAC 230-15-319, Retaining Video Recordings

Mr. Williams' actions constitute an immediate danger to public safety and welfare based on WAC 230-17-165(3)(a), (b), and (h) and are a basis for Mr. Williams to immediately stop conducting licensed activities.

4) **RCW 9.46.075 Denial, suspension, or revocation of license.**

The Commission may revoke any license 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; or

(2) Knowingly causes, aids, abets, or conspires with another to cause, any person to violate any of the laws of this state or the rules of the commission; or

(7) Makes a misrepresentation of, or fails to disclose, a material fact to the commission; or

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

5) WAC 230-03-085 Denying, suspending, or revoking an application, license or permit.

We may revoke any license when the licensee:

(The following subsections apply.)

(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.

6) RCW 9.46.190 Violations relating to fraud or deceit

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

(2) Make any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statement made not misleading, in the light of the circumstances under which said statement is made; 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.

7) RCW 9.46.180 Causing person to violate chapter

Any person who knowingly causes, aids, abets, or conspires with another to cause any person to violate any provision of this chapter shall be guilty of a class B felony subject to the penalty in RCW 9A.20.021.

8) RCW 9.46.185 Causing person to violate rule or regulation.

Any person who knowingly causes, aids, abets, or conspires with another to cause any person to violate any rule or regulation adopted pursuant to this chapter shall be guilty of a gross misdemeanor subject to the penalty set forth in RCW 9A.20.021.

9) WAC 230-15-319 Retaining video recordings.

(1) Class F and house-banked card game licensees must label video recordings and audio recordings, as required, to identify the activities recorded.

(2) Licensees must keep:

(a) All recordings for seven gambling days, for example, Monday's gambling day recording may be recorded over on Tuesday of the following week; and

(b) Recordings documenting jackpot pay outs for at least thirty days:

(i) For player supported jackpots, retain recordings of jackpots of five hundred dollars or more; and

(ii) For house-banked games, retain recordings of jackpots of three thousand dollars or more; and

(c) Recordings of evidentiary value for as long as we request.

(3) We may increase these retention requirements by notifying licensees.

10) 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.

Mr. Williams made false and misleading statements to agents when he said Ms. Cawley did not have access to the ATM funds and the cage cashier's usual procedure is to put the ATM money into the upper safe.

Mr. Williams made untrue statements, or omitted to state a material fact necessary in order to make the statement made not misleading, in violation of RCW 9.46.190.

Mr. Williams conspired with Ms. Cawley to have the CI destroy surveillance video of Ms. Cawley putting a bank bag into the upper safe to cover up for false and misleading statements they made to agents. By ordering the CI to delete surveillance video, Mr. Williams caused the CI to violate WAC 230-15-319.

Mr. Williams poses a threat to the effective regulation of gaming, or increases the likelihood of unfair or illegal practices as demonstrated by his false statements to agents and causing employees of Lilac Lanes to delete surveillance video to cover up for his false statements to agents.

Mr. Williams' actions caused employees of Lilac Lanes to violate gambling laws and rules in violation of RCW 9.46.180 and RCW 9.46.185.

Mr. Williams has failed to establish clearly and convincingly that he is qualified to be licensed, as required by RCW 9.46.153(1). As a result, there are grounds to revoke Mr. Williams' license based on RCW 9.46.075(1), (2), (7), and (8), and WAC 230-03-085(1) and (8).

II.

Mr. Williams' actions are an immediate danger to public safety and welfare, and Mr. Williams has failed to comply with chapter 9.46 RCW or Commission rules. The immediate suspension of Mr. Williams' gambling license is required to protect public safety and welfare.

ORDER

Based on the FINDINGS OF FACT AND CONCLUSIONS OF LAW, and the Director's authority under RCW 34.05.422, RCW 9.46.070(17), and WAC 230-17-165, the Director orders that Mr. Williams' Card Room Employee license is summarily suspended, pending a formal hearing by an Administrative Law Judge.

