STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Revocation of the License to Conduct Gambling Activities of: John Coyle Seattle, Washington, Licensee.	)	NO. CR 2012-00454 **NOTICE OF ADMINISTRATIVE CHARGES AND OPPORTUNITY FOR AN ADJUDICATIVE PROCEEDING**

I.

The Washington State Gambling Commission issued John Coyle the following license: Number 68-30740, authorizing Card Room Employee activity at Wizards Casino in Burien.

The license expires on August 18, 2012, and was issued subject to Mr. Coyle's compliance with state gambling laws and rules.

II.

Jurisdiction of this proceeding is based on chapter 9.46 RCW, Gambling, chapter 34.05 RCW, the Administrative Procedure Act, and Title 230 WAC. Rick Day, 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 licensee, John Coyle, was President and sole owner of Washington CRE Services, Inc. (WA CRE) when the Director summarily suspended WA CRE's service supplier license for operating Parker's Sports Bar and Casino's 13-table card room and pull-tabs without valid licenses. In addition, while operating without valid licenses, John Coyle, as owner of WA CRE, was responsible for transferring player-supported jackpot (PSJ) funds into Parker's payroll account, and for having had PSJ funds seized by the Internal Revenue Service and the State Department of Revenue.

WA CRE ultimately surrendered its license in April 2012 to settle the summary suspension and accompanying administrative charges issued against it.

FACTS:

1) The licensee, John Coyle, has been a card room employee (CRE) at Wizards Casino since August 19, 2011. According to Wizards Casino's General Manager, Rich LeMieux, although Mr. Coyle is employed by Wizards, as of May 31, 2012, Mr. Coyle has not yet worked in any position since he was licensed in August 2011, because Wizards hasn't needed him.

2) The licensee was President and sole owner of Washington CRE Services, Inc. (WA CRE) when the Commission's Director summarily suspended WA CRE's service supplier license for operating Parker's Sports Bar and Casino's 13-table card room and pull-tabs without valid licenses. In April 2012, WA CRE was charged with the following summary of violations:

a) Conducting gambling activity without the required license issued by the Commission (a class B felony).

b) Operating a card room and pull-tab activity under a license that became void, and failing to apply for licenses.

c) Making a misrepresentation or failing to disclose a material fact to the Commission.

d) 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 authorized gambling activity.

e) Demonstrating willful disregard for complying with Gambling Commission rules.

f) Posing a threat to the effective regulation of gambling, or creating or increasing the likelihood of unfair or illegal practices, methods, and activities in the conduct of gambling activities, as demonstrated by prior activities.

g) Failing to timely deposit and account for player-supported jackpot funds.

h) Failing to establish clearly and convincingly, that it was qualified to be licensed.

3) WA CRE, through its owner, John Coyle, ultimately surrendered its service supplier license in April 2012 to settle the summary suspension and accompanying administrative charges issued against it. (Case number CR 2012-00247, Order of Summary Suspension and Settlement Order incorporated by reference).

4) On May 14, 2012, John Coyle left a phone message for a Commission Special Agent in the Financial Investigations Unit, saying that he did not intend to surrender his CRE license.

VIOLATIONS:

1) **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 licensee, 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.

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

2) **WAC 230-03-085 Denying, suspending, or revoking an application, license** 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:
(The following subsections apply.)

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

(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.

3) **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, John Coyle, was the sole owner of WA CRE. The Director of the Gambling Commission summarily suspended WA CRE's service supplier license in April 2012 based on WA CRE's operating Parker's 13-table card room and pull-tabs without valid licenses. WA CRE, through its owner, John Coyle, surrendered its license to resolve the summary suspension and administrative charges filed against it.

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

III.

The facts and violations set forth in paragraph II above constitute grounds for revoking the CRE license issued to John Coyle to conduct gambling activity pursuant to RCW 9.46.075 and WAC 230-03-085.

IV.

The licensee 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 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 Director of the Washington State Gambling Commission, and in that capacity has executed said Notice.

Rick Day
RICK DAY, DIRECTOR

SUBSCRIBED AND SWORN TO before me this 12 day of June, 2012.

Maureen Pretell
NOTARY PUBLIC in and for the State of Washington residing at Thurston County
My Commission expires on December 2, 2015

TATE OF WASHINGTON)
)SS
OUNTY OF THURSTON)

ereby certify that I have this day served a copy of the document upon all parties record in the proceeding by mailing a copy thereof, properly addressed ith postage prepaid, by regular and certified mail to each party to the roceeding or his or her attorney or authorized agent.

ated at Olympia, Washington this 12 day of June, 2012

Maureen Pretell
Communications and Legal Department
Washington State Gambling Commission

MAUREEN PRETELL
COMMISSION EXPIRES
NOTARY
PUBLIC
DEC. 2, 2015
STATE OF WASHINGTON

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Summary Suspension of the License to Operate Gambling Activities of: Washington CRE Services, Inc. Seattle, Washington, Licensee.	)	NO. CR 2012-00247 **FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER OF SUMMARY SUSPENSION OF LICENSE**

RCW 9.46.070(17) authorizes the Washington State Gambling Commission (Commission) to summarily suspend[1] 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 the licensee, its representative, or its agent. A Commission Special Agent shall seize Washington CRE Services, Inc.'s license and the licensee 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 Washington CRE Services, Inc., license number 26-00307, authorizing Service Supplier activity. The Commission issued this license, which expires on August 13, 2012, subject to the licensee's compliance with state gambling laws and Commission rules.

III.

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

[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.

IV.

SUMMARY:

The licensee has been operating Parker's Sports Bar and Casino's 13-table card room and punchboard/pull-tabs without valid licenses, since at least February 3, 2012. The licensee is operating Parker's under licenses that became void after George "Geordie" Sze, owner of Parker's Sports Bar and Casino, sold his interest in the business[2] to the licensee. Licenses can only be transferred in limited circumstances, none of which applies here. The licensee has a service supplier license, but has not applied for, and does not have a card room or punchboard/pull-tab license. The licensee has also transferred player-supported jackpot (PSJ) funds into its payroll account and has had PSJ funds seized by the Internal Revenue Service and the Department of Revenue.

FACTS:

1) The licensee, Washington CRE Services, Inc. (WA CRE), has been a service supplier since October 2011. Service supplier activity includes pull-tab counting, storage and specialized record keeping, consulting and advisory services, dealer schools, gambling related management services, assembly of components, and financing. When the licensee applied for its service supplier license, it indicated its intention to provide all service supplier activities except dealer schools and financing services.

2) The licensee's sole owner, John Coyle, is also currently licensed as a card room employee at Wizards Casino.[3]

Facts from CR 2012-00197 – an "information only" case report involving the investigation of the stock transaction between the licensee and Parker's Sports Bar and Casino:

3) On February 6, 2012, a Commission Special Agent from the Financial Investigations Unit (FIU agent) received information that John Coyle had become the new owner of Parker's Sports Bar and Casino (Parker's); however, the owner of record for Parker's was (and still is) Geordie Sze. Although Commission staff was aware that Mr. Sze had desired to sell Parker's, staff had not received any new applications from anyone to operate Parker's since a potential buyer (1700 Gaming, Inc.) had withdraw its application in January 2012.

4) The FIU agent reviewed Parker's license file and verified that John Coyle has never been an owner or substantial interest holder of Parker's. The Commission's records reflect the following:

a) George "Geordie" Sze owns 90 percent of Slam Dunk, and David Reed owns 10 percent. Slam Dunk, through Geordie Sze and David Reed, owns 100 percent of Parker's.[4]

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[2] The Director issued an Order of Summary Suspension against Parker's Sports Bar & Casino (CR 2012-00398).
[3] Cory Coyle is Wizards Casino's President and John Coyle's nephew.

b) Slam Dunk owns 100 percent of 17001 Corporation, doing business as Parker's.

c) Parker's is licensed as a house-banked card room (13 tables) and a punchboard/pull-tab operator (Class "C").

5) On February 7, 2012, the FIU agent and his supervisor had a telephone conversation with John Coyle. John Coyle said the following:

a) As of February 3, 2012, Washington CRE Services, Inc. (WA CRE) is the new 90 percent stockholder of Slam Dunk.

b) He (John Coyle) owns 100 percent of the stock in WA CRE.

c) WA CRE purchased Parker's shares from Mr. Sze for $25,000.

d) Cory Coyle, his nephew, was the source of funds for the $25,000, although Cory Coyle is not part of Slam Dunk, WA CRE or Parker's.

e) The new manager of Parker's is Spencer Uno.

f) Purchase and sale agreements are forthcoming.

g) He has little to no knowledge of any outstanding tax liabilities associated with Parker's [5] and to his knowledge; Mr. Sze is responsible for any tax liabilities.

h) Parker's is still operating.

6) On February 8, 2012, John Coyle left the FIU agent a voice mail message saying that Monty Harmon, of Harmon Consulting (a licensed service supplier) had authority to represent both John Coyle and WA CRE. Mr. Harmon personally delivered copies of the signed stock purchase and sale agreement and corporate meeting minutes for WA CRE. The FIU agent reviewed the documents that Mr. Harmon delivered and found the following:

a) On February 2, 2012, WA CRE entered into an "Option to Purchase Shares" agreement with Cory Coyle. For $25,000, WA CRE agreed to issues shares, at the buyer's (Cory Coyle) option, to Cory Coyle or his assignee, equal to 99 percent of the outstanding shares of WA CRE. The option is valid for five years and is subject to Commission approval.

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[4] The Commission licenses operators of gambling activities after identifying, backgrounding, and qualifying owners and any substantial interest holders of the operators. In this case, Parker's is the operator, and Commission staff identified Geordie Sze and David Reed as its owners and substantial interest holders. Parker's as the operator is licensed; Slam Dunk, 17001 Corporation, and owners, Mr. Sze and Mr. Reed, are not.

[5] The Gambling Commission's Director issued administrative charges against Parker's, CR 2010-01377, based on Parker's willful disregard as demonstrated by its failure to resolve state and federal tax liens filed against it. A hearing was held in January 10, 2012, and a decision by the Administrative Law Judge is pending.

b) There was a copy of a cashier's check, dated February 2, 2012, for $25,000, payable to WA CRE from Cory Coyle.

c) On February 3, 2012, WA CRE's meeting minutes reflected that John Coyle is President, Secretary and Treasurer of WA CRE, and Cory Coyle became Vice President.

d) On February 3, 2012, Geordie Sze entered into a Stock Purchase Agreement with WA CRE. Mr. Sze sold 90 percent of his shares in Slam Dunk to WA CRE for $25,000. The closing date of the stock purchase agreement was February 3, 2012.

e) A copy of an undated stock certificate for Slam Dunk identified Geordie Sze as the owner of 1,810 shares of Slam Dunk. A second copy of a stock certificate, dated February 3, 2012, identifies 1,810 shares of Slam Dunk issued to WA CRE, also on February 3, 2012.

f) A copy of a resignation letter, signed by Mr. Sze, states, "I, Geordie Sze, hereby resign as a director and from any officer position I may hold at the following entities: Slam Dunk Enterprises, Inc.; 17001 Corporation. My resignation is effective as of February 3, 2012."

CR 2012-00247 – facts from the current investigation:

7) A second FIU agent began reviewing WA CRE's involvement with Parker's. The FIU agent called and spoke with John Coyle on February 10, 2012. John Coyle said the following:

a) He has known Mr. Sze for the last 25 years.

b) Cory Coyle had been in contact with Mr. Sze and had been trying to purchase Parker's through Evergreen Gaming Corporation.[6]

c) Cory Coyle and Geordie Sze approached him with a purchase and sale agreement that Mr. Coyle and Mr. Sze put together at the last minute.

d) He was aware that Mr. Sze had issues, such as not making any money with the card room, tax issues and not being "hands on."

e) He was under the assumption that Mr. Sze was responsible for any outstanding payroll taxes (despite the provision in the purchase and sale agreement that requires WA CRE to pay $10,000 a month towards taxes). The FIU agent asked what the $10,000 a month would go towards, and he said he did not know.

[6] Evergreen Gaming Corporation is not licensed and is a publicly traded company on the Canadian Stock Exchange that wholly owns Puget Sound Gaming (also not licensed). Puget Sound Gaming owns 65 percent of Wizards Casino, and Cory Coyle is the President and Chairman of the Board of Puget Sound Gaming. Cory Coyle owns 8.3 percent stock in Evergreen Gaming Corporation, which is the parent company of six licensed card rooms and a service supplier.

f) The FIU agent asked what his intentions were with regards to operating the card room, and he replied his intentions were to get costs under control, "spruce the place up," and bring costs down.

g) He would be attending truck-driving school for another couple of weeks.

h) The FIU agent read Mr. Coyle the requirements of the Commission rule (WAC 230-06-108[7]) that prohibit the transfer of gambling licenses, and which requires a new license when changes in ownership occur. He replied, "We'll have to figure something out."

8) The FIU agent followed up her telephone conversation with John Coyle by e-mailing him and including a copy of the Commission rule (WAC 230-06-108) that she had read to him. The FIU agent also sent another e-mail to John Coyle, and attached a blank copy of a new license application for card room and pull-tab activity, as well as a link to the online application.

9) As of February 21, 2012, John Coyle had not responded to the FIU agent's e-mail, nor had he submitted an application to operate card room and pull-tab activities. The FIU agent e-mailed John Coyle again asking him when he planned to submit an application to operate Parker's. She again attached application forms as well as a link to the online application forms. As of April 10, 2012, Commission staff has not received any new applications to operate Parker's card room or pull-tabs.

10) Instead of submitting a new application, on March 1, 2012, the licensee submitted a Disclosure of Officers/Stockholders form for WA CRE. The form showed that John Coyle was President, Secretary, and Treasurer of WA CRE, and that Cory Coyle was an officer of WA CRE.

11) The licensee also submitted an Engagement Letter[8] dated February 3, 2012, purportedly from WA CRE to Geordie Sze. The letter stated that Mr. Sze had retained WA CRE to provide advice on gambling regulatory matters for compensation. John Coyle signed the letter; however, Mr. Sze did not. The FIU agent called and spoke with Geordie Sze on March 8, 2012. Mr. Sze denied entering into any management agreement and said he had never heard of WA CRE, despite having sold his shares of stock in Slam Dunk to WA CRE. The FIU agent offered to e-mail Mr. Sze a copy of the Engagement Letter so that he could verify that he had not retained WA CRE. However, Mr. Sze said not to send him anything, not to question him any further, and not to contact him again about Parker's because he had sold it to John Coyle, and has nothing to do with the business anymore. Mr. Sze told the FIU agent to contact John Coyle instead.

12) On March 5, 2012, a Field Operations Division Special Agent (FOD agent) and the FIU agent went onsite to Parker's. The business was open and operating poker games and pull-tabs.

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[7] WAC 230-06-108(2) provides that "All gambling licenses held by a business will become void when the following changes in ownership occur and a new license must be obtained before operating any gambling activities…The business is sold."

[8] Commission staff recognizes engagement letters as verification of the scope of professional services provided to licensees, which explains the duties and responsibilities between the client and the service provider.

The agents met with Mark Jones, Parker's Financial Manager. Mr. Jones provided the following information in a written statement:

a) Geordie Sze called him on February 4, 2012, to tell him that he had sold his stock in the company on February 3, and that he wanted Mr. Jones to meet the new owner, John Coyle.

b) He met John Coyle on February 5, 2012.

c) He updated Parker's organizational chart to show that John Coyle is the current President.

d) Whenever any issues arose that he could not handle on his own, he would speak with Cory Coyle.

e) He did not believe that Geordie Sze was involved in the management of Parker's.

f) Spencer Uno, a card room employee employed at Wizards Casino, became Parker's General Manager on February 6, 2012. Mr. Jones believed that John Coyle hired Mr. Uno.

g) He met John Coyle once, and had heard that Mr. Coyle had come onto the premises a few times to observe and play poker.

h) When asked whom he reported to, Mr. Jones replied, Cory Coyle.

i) When the Washington State Department of Revenue seized money from Parker's accounts on February 27, 2012, he had called Cory Coyle first, to let him know what had happened.

j) Spencer Uno also worked at Wizards Casino and wasn't at Parker's very often, even though Mr. Uno was Parker's new General Manager.

13) During the FIU and FOD agents' onsite visit on March 5, they found the following:

a) According to bank statements, on February 28, 2012, Parker's transferred $6,632 from its player-supported jackpot (PSJ)[9] account into its payroll account.

b) Mark Jones said he wasn't sure whether Parker's bank signature cards had been updated to remove Geordie Sze as an authorized signor for Parker's bank accounts. Mr. Jones said John and Cory Coyle planned to open new bank accounts for Parker's.

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[9] WAC 230-15-360 defines "player-supported jackpots" (PSJ) as a separate contest of chance directly related to the play or outcome of an authorized nonhouse-banked card game. Only Class F or house-banked licensees may establish a prize fund to operate a PSJ for nonhouse-banked card games. Licensees act only as a custodian for, have no legal right to, and must strictly account for, all PSJ funds. WAC 230-15-400 requires licensees to maintain a separate bank account for PSJ funds.

14) After the agents' onsite inspection on March 5, the FIU agent received the following:

a) An e-mail from Mark Jones with copies of Parker's bank signature cards attached. Geordie Sze was still listed as an authorized signor for Parker's bank accounts. Mr. Jones was the only other person with signature authority.

b) A Notification of Stock Ownership Change for Parker's showing that Geordie Sze owned "90.5" percent of Slam Dunk prior to a stock change, and that WA CRE owned 90 percent after a stock change. The application was incomplete and did not identify who owned the remaining ten percent of stock before or after the stock change. John Coyle signed the application.

c) A Request for Consent to Change Management application for Parker's showing Geordie Sze as outgoing management and David Reed as the new management. The application also showed Spencer Uno as Parker's new manager. The application was incomplete and unsigned.

15) The FIU agent followed up with John Coyle by leaving him a voice mail acknowledging the receipt of the change of ownership and management application for Parker's. The FIU agent reminded John Coyle in her voice mail that he had submitted the wrong application. The FIU agent e-mailed John Coyle another card room and pull-tab application packet. John Coyle responded by leaving a voicemail for the agent saying he couldn't understand the FIU agent's message and that he was in Salt Lake City for driver training.

16) Between February 24 and March 6, 2012, Geordie Sze sent several e-mails to a Commission Staff Attorney saying that he had sold his shares and no longer owned the company. Mr. Sze said to contact John or Cory Coyle.

17) FOD agents returned to Parker's on March 16, March 20, March 22, and March 26, 2012, to review PSJ records and to determine who was managing Parker's gambling activities. FOD agents found the following:

a) The Washington State Department of Revenue (DOR) had seized $5,074 from Parker's PSJ account on February 27, 2012, because of taxes owed by Parker's.

b) Mark Jones said when he found that DOR had taken PSJ funds; he took cash from Parker's cage and deposited it into the PSJ account. However, FOD agents found that on February 27, Mr. Jones had deposited only $2,375.40 into the PSJ account. Mr. Jones explained that some of the PSJ funds were owed to Parker's general account for PSJ prizes paid from cashier cage funds.

c) On March 12, 2012, the Internal Revenue Service seized $5,289.40 from Parker's PSJ account for repayment of taxes owed. Mark Jones replenished the PSJ account with cash from the cashier's cage. FOD agents found that Mr. Jones had deposited $7,783.40 into the PSJ account on March 12. Mr. Jones' explained he deposited the amount reflected in the PSJ prize fund accrual records for March 11.

d) On February 24, and 26, and on March 3 and 25, 2012, Parker's failed to deposit PSJ funds into its designated bank account within two banking days as required by Commission rules. Mark Jones said they had placed PSJ funds into the cashier's cage and had paid prizes from the cage, and then left the remaining $476 in the cage.

e) On February 29, 2012, Parker's failed to deposit PSJ funds into its designated bank account as required by Commission rules. Mark Jones said he put the PSJ funds into the cashier's cage and paid PSJ prizes from the cage. Mr. Jones said he transferred $401 from the general account into the PSJ account.

f) On March 2 and March 9, 2012, Parker's deposited funds into its PSJ account that failed to reflect PSJ funds collected, as documented on prize fund accrual records. FOD agents were unable to determine why Parker's deposited $119.50 on March 2, and $1,469, on March 9, into its PSJ account.

g) Between March 1 and March 16, 2012, Parker's failed to deposit PSJ funds into its designated bank account. Mark Jones explained that after funds had been seized (by the IRS, DOR and the City of Shoreline), he kept the PSJ funds in the cashier's cage instead of the PSJ bank account because he was concerned the funds would be taken again. He had stored $2,460 of PSJ funds in the cage.

h) Between February 29 and March 7, 2012, Parker's withdrew $8,789 from its PSJ account that did not match the amount of prizes paid, as documented on its prize fund accrual records. FOD agents were unable to determine the reason for the withdrawals. $2,385 was withdrawn on February 29; $3,171 and $2,662 were withdrawn on March 2; and $571 was withdrawn on March 7.

i) On March 16, 2012, the City of Shoreline seized a total of $19,254 from Parker's for taxes owed, and $17,754 of that amount came from the cashier's cage. Mark Jones transferred $7,683.40 in PSJ funds into Parker's general account. Mr. Jones then removed funds from all of Parker's accounts, including funds from the PSJ account, and obtained a cashier's check for $11,526.30. Mr. Jones held onto the cashier's check until March 20, 2012, because he had anticipated depositing the check into new bank accounts that Cory Coyle was to open. Mr. Jones said he thought the accounts would be opened on March 20, 2012, but they were not. Mr. Jones showed the FOD agents the cashier's check that he had been holding in his pocket.

j) Between March 16 and March 25, 2012, the licensee did not maintain a separate bank account for PSJ funds.

k) As of March 20, 2012, Parker's did not have its new General Manager, Spencer Uno, on its payroll, despite being designated General Manager as of February 6, 2012.

l) On March 21, 2012, Mr. Jones took $7,683.40 of PSJ funds, and placed the funds into the cashier's cage for payroll. Mr. Jones later transferred funds from the payroll account into the PSJ account.

m) On March 22, 2012, Mr. Jones said Parker's still did not have new accounts, so he deposited the PSJ funds back into Parker's old PSJ bank account.

n) During the month of March 2012, the licensee completed Parker's PSJ fund accrual records with false information. The records require licensees to fill in dates of "PSJ Bank Deposits;" however, no bank deposits were actually made, and instead, Mr. Jones, kept PSJ funds in the cashier's cage.

18) Because the licensee named Cory Coyle, an officer in documents that agents reviewed, the FIU agent e-mailed him, asking for a written statement about his involvement with the licensee. Cory Coyle, who is the licensee's Vice-President and who has applied for a service supplier representative license, responded, "I don't really give statements these days without counsel being involved. There are just too many instances of inaccurate information being taken from interviews."

19) Cory Coyle has been involved with numerous licensed entities since about 2003. He is currently President of the following house-banked card room licensees: Wizard's Casino, Goldie's Shoreline Casino, Chips Casino Lakewood, Place Casino Lakewood, and Riverside Casino. Cory Coyle is also President of Card Room Management, a licensed service supplier that is currently subject to pending administrative charges (CR 2011-00928). Cory Coyle owns 8.3 percent stock in Evergreen Gaming Corporation, which is the parent company of the six licensed entities. Evergreen Gaming Corporation is not licensed and is a publicly traded company on the Canadian Stock Exchange that wholly owns Puget Sound Gaming (also not licensed). Puget Sound Gaming owns 65 percent of Wizards Casino, and Cory Coyle is the President and Chairman of the Board of Puget Sound Gaming.

CONCLUSIONS OF LAW

I.

1) **RCW 9.46.070** 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** provides as follows:
(1) "Summary suspension" means immediately taking a license or permit from a person or organization which prevents them from operating or conducting gambling activities.

(2) The Commission delegates its authority to the Director to issue an order to summarily suspend any license or permit if the Director determines that a licensee or permittee 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) The Commission deems the following actions of a licensee or permittee 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

(i) Having pursued or 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.

(4) An order of summary suspension takes effect immediately on service unless stated otherwise in the order of summary suspension.

The licensee has been operating Parker's Sports Bar and Casino's (Parker's) 13-table card room and punchboard/pull-tabs without valid licenses, since at least February 3, 2012. The licensee is operating Parker's under licenses that became void after George "Geordie" Sze, owner of Parker's Sports Bar and Casino, sold his interest in Parker's. The licensee has a service supplier license, but has not applied for, and does not have a card room or punchboard/pull-tab license. The licensee, WA CRE and John Coyle, have never been an owner or substantial interest holder of Parker's and under these circumstances, transferring licenses violates WAC 230-06-108. Cory Coyle is the Vice President of the licensee and has been involved with numerous licensed entities since about 2003. The licensee has also transferred player-supported jackpot (PSJ) funds into its payroll account and has had PSJ funds seized by the Internal Revenue Service and the Department of Revenue.

The licensee's actions constitute an immediate danger to public safety and welfare based on **WAC 230-17-165(3) (a)** and **(i)**, and are a basis for having Washington CRE Services, Inc., immediately stop conducting gambling activities.

3) 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 licensee, 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;

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

(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.

4) WAC 230-03-085 Denying, suspending, or revoking an application, license

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:
(The following subsections apply.)

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

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level; or

(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.

5) RCW 9.46.160 Conducting activity without license.

Any person who conducts any activity for which a license is required by this chapter, or by rule of the Commission, without the required license issued by the Commission shall be guilty of a class B felony. If any corporation conducts any activity for which a license is required by this chapter, or by rule of the Commission, without the required license issued by the Commission, it may be punished by forfeiture of its corporate charter, in addition to the other penalties set forth in this section.

6) WAC 230-06-108 Ownership changes — Prohibited.

All gambling licenses held by a business will become void when the following changes in ownership occur and a new license must be obtained before operating any gambling activities:

(1) A person or business becomes the owner of more than fifty percent of corporate stock or limited liability membership shares/units, when the person or business did not have at least the following substantial interest in the business immediately before the transaction: (a) Ten or more percent ownership in a privately held corporation or limited liability company (LLC); or (b) Five or more percent ownership in a publicly traded corporation or LLC; or

(2) The business is sold; or

(3) A sole proprietorship brings in a new person and forms a partnership, corporation or LLC; or

(4) A partnership adds another partner or changes partners; or

(5) A change in a person's ownership, together with ownership of any members of his or her immediate family, who are under the age of eighteen years of age, results in the person having more than fifty percent interest in the business when the person did not have at least the following substantial interest in the business: (a) Ten or more percent ownership in a privately held corporation or LLC; or (b) Five or more percent ownership in a publicly traded corporation or LLC.

The licensee has a service supplier license, but has not applied for, and does not have licenses to operate card room or punchboard/pull-tab activities. Despite this, the licensee has been operating Parker's 13-table card room and punchboard/pull-tabs without valid licenses, since at least February 3, 2012, in violation of **RCW 9.46.160**.

The licensee is knowingly operating Parker's under licenses that became void after Geordie Sze sold Parker's. Agents took statements from John Coyle, Geordie Sze and Mark Jones, made onsite visits, and reviewed purchase and sales agreements between Geordie Sze/Slam Dunk, and the licensee (Washington CRE Services, Inc., and John Coyle). Cory Coyle is the licensee's Vice President and has been involved with numerous licensed entities since about 2003. The licensee (Washington CRE Services, Inc. and John Coyle) has never been an owner or substantial interest holder of Parker's and under these circumstances, the licenses are void and the licensee's conduct violates **WAC 230-06-108**.

By failing to submit a new application for a license to conduct card room and pull-tab activity, and continuing to operate Parker's without valid licenses, after an agent repeatedly advised the licensee of Commission rules, the licensee has demonstrated willful disregard for complying with Commission rules. The licensee has also demonstrated that it 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 prior activities.

The licensee's continued operation of Parker's card room and pull-tabs since at least February 3, 2012, without valid licenses in violation of RCW 9.46.160 and WAC 230-06-108, demonstrates that the licensee is pursuing economic gain in a manner that includes the systematic planning, administration, management or execution of an activity for financial gain.

Based on the licensee's continued operation of gambling activities without valid licenses, there are grounds to revoke Parker's licenses based on RCW 9.46.075(1), (8) and (10) and WAC 230-03-085(1), (3) and (8).

7) WAC 230-15-360 Defining "player-supported jackpot."
"Player-supported jackpot" (PSJ) means a separate contest of chance directly related to the play or outcome of an authorized nonhouse-banked card game.

(1) Only Class F or house-banked licensees may establish a prize fund to operate a PSJ for nonhouse-banked card games.

(2) In PSJs, licensees:

(a) Collect funds from the players' wagers (the pot) for a separate prize; and

(b) Act only as the custodian of the PSJ funds, including any interest earned on this money; and

(c) Maintain no legal right to the funds, except for administrative fees; and

(d) Must strictly account for all funds.

8) WAC 230-15-400 Accounting for player-supported jackpot funds.
Class F or house-banked licensees must:

(1) Maintain a separate bank account in a bank, mutual savings bank, or credit union in Washington state for holding player-supported jackpot (PSJ) funds; and

(2) Deposit only funds from PSJs into the account; and

(3) Not make payouts from the PSJ funds until licensees have first deposited the funds in the PSJ account. However, licensees may pay out prizes won during the gambling day and deduct administrative expenses before licensees deposit the funds; and

(4) Transfer or deposit the PSJ funds into the PSJ account or with an armored car service no later than the second banking day after the close of business; and

(5) Identify all deposits or transfers of PSJ funds by the type of PSJ fund and date of collection. Licensees must keep the validated deposit receipts or transfer information as a part of their required daily records or have on-line access to their player-supported jackpot bank accounts; and

(6) Transfer the amount from the PSJ account to the cage or general account before the end of the month if PSJ prizes are paid from the cage or general account. The licensee must keep the transfer information as part of the written records; and

(7) Reconcile the account balance in their bank statement to the PSJ prize balance on their PSJ fund accrual record each month. "Reconcile" means the licensee must compare the two

balances, resolve any differences, and document the comparison and the differences in writing. Licensees must keep the reconciliation as part of their records.

9) WAC 230-15-390 Collecting an administrative fee on the player-supported jackpot. Class F or house-banked licensees may collect an administrative fee of up to ten percent of the funds collected for a player-supported jackpot (PSJ). Licensees must deduct no other expenses from the PSJ account.

On February 24, and 26, and on March 3 and 25, 2012, Parker's failed to deposit PSJ funds into its designated bank account within two banking days as required by Commission rules. Mark Jones said they had placed PSJ funds into the cashier's cage and paid prizes from the cage, and then left the remaining $476 in the cage. This conduct violated **WAC 230-15-400(4).**

On February 28, 2012, while operating under licenses that became void after Geordie Sze sold the business, the licensee transferred $6,632 in PSJ funds into its payroll account. The licensee deducted expenses other than administrative fees. This conduct violated **WAC 230-15-360(2)(b)(c)** and **(d), and WAC 230-15-390.**

Between February 29 and March 7, 2012, Parker's withdrew $8,789 from its PSJ account that did not match the amount of prizes paid as listed on its prize fund accrual records. FOD agents were unable to determine the reason for the withdrawals. $2,385 was withdrawn on February 29; $3,171 and $2,662 were withdrawn on March 2; and $571 was withdrawn on March 7. This conduct violated **WAC 230-15-360(2)(b), (c)** and **(d).**

On March 2 and March 9, 2012, Parker's deposited funds into its PSJ account that did not match funds collected as documented on its prize fund accrual records. FOD agents were unable to determine why Parker's deposited $119.50 on March 2, and $1,469, on March 9, into its PSJ account. This conduct violated **WAC 230-15-400(2).**

Between March 16 and March 25, 2012, the licensee did not maintain a separate bank account for PSJ funds, in violation of **WAC 230-15-400(1).**

On March 21, 2012, the licensee, through Mr. Jones, took $7,683.40 of PSJ funds, and placed the funds into the cashier's cage for payroll. Mr. Jones later transferred funds from the payroll account into the PSJ account. This conduct **WAC 230-15-360(2)(b), (c)** and **(d),** and **WAC 230-15-390.**

The licensee failed to act only as custodian of funds, failed to properly account for PSJ funds, failed to keep a separate bank account for holding PSJ funds, failed to deposit only funds from PSJs into its PSJ account, and failed to deposit PSJ funds no later than the second banking day after the close of business. As a result of these violations, there are grounds to revoke Parker's licenses based on RCW 9.46.075(1), (8) and (10) and WAC 230-03-085(1) and (8).

10) RCW 9.46.170 provides that whoever, in any application for a license or in any book or record required to be maintained by the Commission or in any report required to be submitted to the Commission, shall make any false or misleading statement, or make any false or misleading

entry or willfully fail to maintain or make any entry required to be maintained or made, or who willfully refuses to produce for inspection by the Commission, or its designee, any book, record, or document required to be maintained or made by federal or state law, shall be guilty of a gross misdemeanor subject to the penalty set forth in RCW 9A.20.021.

During the month of March 2012, while operating under licenses that became void after Geordie Sze sold Parker's, the licensee made false and misleading entries in PSJ prize fund accrual records. The records require licensees to fill in dates of "PSJ Bank Deposits;" however, no bank deposits were actually made, and instead, the licensee kept PSJ funds in the cashier's cage. This conduct violated **RCW 9.46.170**. As a result, grounds exist to revoke Washington CRE Services, Inc.'s, license based on RCW 9.46.075(1), (7), (8) and (10) and WAC 230-03-085(1) and (3) and (8).

11) 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 has failed to establish clearly and convincingly, as required by RCW 9.46.153(1), that it is qualified to be licensed. As a result, there are grounds to revoke Washington CRE Services, Inc.'s, license based on RCW 9.46.075(1), (8), and (10) and WAC 230-03-085(1), (3) and (8).

II.

The licensee's actions are an immediate danger to public safety and welfare, and the licensee has failed to comply with chapter 9.46 RCW or Commission rules. The immediate suspension of the licensee's gambling activities 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 Washington CRE Services, Inc.'s license is summarily suspended, pending a formal hearing by an Administrative Law Judge.

STATEMENT OF RIGHTS

(1) **You may ask for a stay of this Order.** To do so, you must complete and return to the Commission the enclosed Application for Stay Hearing form within fifteen (15) days from the date you receive this Order. If the Commission receives a timely request, we will hold a hearing within seven (7) days as required by WAC 230-17-170(3). The stay hearing will determine if your suspension should continue, or whether the suspension may be modified.

At the stay hearing, you will have to prove by clear and convincing evidence that:

(a) You will likely win at hearing; and

(b) If your suspension continues, you will suffer serious injury. Under this section, loss of income from licensed activities is not considered serious injury; and

(c) Removing the immediate suspension will not hurt others in this case; and

(d) The threat to the public safety or welfare does not justify continuing the suspension, or that modifying the suspension will adequately protect the public.

(2) **You also have a right to a hearing on the revocation of your license.** To do so, you must complete and return to the Commission the enclosed Application for Hearing form within twenty (20) days from the date you receive this order. If you do NOT request a hearing, we will enter an Order of Default revoking your license under RCW 34.05.440.

If you have any questions regarding the rights stated above, please contact Staff Attorney Arlene Dennistoun, at (360) 486-3469 or 1-800-345-2529, extension 3469.

STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

Rick Day, under oath, declares that he has read this Order of Summary Suspension of License, knows its contents, and believes it to be true, and affirms that he is the Director of the Washington State Gambling Commission and in that capacity has executed this Order of Summary Suspension of the License.

Rick Day

Rick Day, Director

SUBSCRIBED AND SWORN TO before me this 10 day of April, 2012.

Maureen Pretell

NOTARY PUBLIC in and for the State of Washington, residing at: Thurston County
My Commission expires on December 2, 2015

MAUREEN PRETELL
NOTARY PUBLIC
COMMISSION EXPIRES
DEC. 2, 2015
STATE OF WASHINGTON

RECEIVED

MAY 03 2012

GAMBLING COMMISSION
COMM & LEGAL DEPT

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Revocation and Summary Suspension of the License to Conduct Gambling Activities of: Washington CRE Services, Inc., Seattle, Washington Licensee.	)	No. CR 2012-00247 SETTLEMENT ORDER

I.

The Washington State Gambling Commission and the licensee, Washington CRE Services, Inc., enter into this settlement to resolve the Order of Summary Suspension issued against the licensee. Stephanie U. Happold, Assistant Attorney General, and Arlene Dennistoun, Staff Attorney, represent the Gambling Commission. Joan K. Mell, Attorney, represents the Licensee.

II.

The Washington State Gambling Commission issued Washington CRE Services, Inc., license number 26-00307, authorizing Service Supplier activity.

The license expires on August 13, 2012, and was issued subject to the licensee's compliance with state gambling laws and regulations.

III.

The Director issued an Order of Summary Suspension on April 12, 2012, directing the licensee to stop operating gambling activities immediately upon service of the Order. The Order also seeks to revoke Washington CRE Services Inc.'s license. On April 18, 2012, Commission staff received the licensee's request for a stay hearing. The licensee has not yet requested an administrative hearing.

IV.

The following is a summary of the facts alleged, and the violations charged in the Summary Suspension:

The licensee has been operating Parker's Sports Bar and Casino's 13-table card room and punchboard/pull-tabs without valid licenses, since at least February 3, 2012. The licensee is operating Parker's under licenses that became void after George "Geordie" Sze, owner of Parker's Sports Bar and Casino, sold his interest in the business[1] to the licensee. Licenses can

[1] The Director issued an Order of Summary Suspension against Parker's Sports Bar & Casino (CR 2012-00398).

only be transferred in limited circumstances, none of which applies here. The licensee has a service supplier license, but has not applied for, and does not have a card room or punchboard/pull-tab license. The licensee has also transferred player-supported jackpot (PSJ) funds into its payroll account and has had PSJ funds seized by the Internal Revenue Service and the Department of Revenue.

VIOLATIONS:

1) **RCW 9.46.070** 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** provides as follows:
(1) "Summary suspension" means immediately taking a license or permit from a person or organization which prevents them from operating or conducting gambling activities.

(2) The Commission delegates its authority to the Director to issue an order to summarily suspend any license or permit if the Director determines that a licensee or permittee 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) The Commission deems the following actions of a licensee or permittee 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

(i) Having pursued or 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.

(4) An order of summary suspension takes effect immediately on service unless stated otherwise in the order of summary suspension.

The licensee has been operating Parker's Sports Bar and Casino's (Parker's) 13-table card room and punchboard/pull-tabs without valid licenses, since at least February 3, 2012. The licensee is operating Parker's under licenses that became void after George "Geordie" Sze, owner of Parker's Sports Bar and Casino, sold his interest in Parker's. The licensee has a service supplier license, but has not applied for, and does not have a card room or punchboard/pull-tab license. The licensee, WA CRE and John Coyle, have never been an owner or substantial interest holder

of Parker's and under these circumstances, transferring licenses violates WAC 230-06-108. Cory Coyle is the Vice President of the licensee and has been involved with numerous licensed entities since about 2003. The licensee has also transferred player-supported jackpot (PSJ) funds into its payroll account and has had PSJ funds seized by the Internal Revenue Service and the Department of Revenue.

The licensee's actions constitute an immediate danger to public safety and welfare based on WAC 230-17-165(3) (a) and (i), and are a basis for having Washington CRE Services, Inc., immediately stop conducting gambling activities.

3) 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 licensee, 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;

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

(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.

4) WAC 230-03-085 Denying, suspending, or revoking an application, license
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:
(The following subsections apply.)

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

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level; or

(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.

5) **RCW 9.46.160 Conducting activity without license.**
Any person who conducts any activity for which a license is required by this chapter, or by rule of the Commission, without the required license issued by the Commission shall be guilty of a class B felony. If any corporation conducts any activity for which a license is required by this chapter, or by rule of the Commission, without the required license issued by the Commission, it may be punished by forfeiture of its corporate charter, in addition to the other penalties set forth in this section.

6) **WAC 230-06-108 Ownership changes — Prohibited.**
All gambling licenses held by a business will become void when the following changes in ownership occur and a new license must be obtained before operating any gambling activities:

(1) A person or business becomes the owner of more than fifty percent of corporate stock or limited liability membership shares/units, when the person or business did not have at least the following substantial interest in the business immediately before the transaction: (a) Ten or more percent ownership in a privately held corporation or limited liability company (LLC); or (b) Five or more percent ownership in a publicly traded corporation or LLC; or

(2) The business is sold; or

(3) A sole proprietorship brings in a new person and forms a partnership, corporation or LLC; or

(4) A partnership adds another partner or changes partners; or

(5) A change in a person's ownership, together with ownership of any members of his or her immediate family, who are under the age of eighteen years of age, results in the person having more than fifty percent interest in the business when the person did not have at least the following substantial interest in the business: (a) Ten or more percent ownership in a privately held corporation or LLC; or (b) Five or more percent ownership in a publicly traded corporation or LLC.

The licensee has a service supplier license, but has not applied for, and does not have licenses to operate card room or punchboard/pull-tab activities. Despite this, the licensee has been operating Parker's 13-table card room and punchboard/pull-tabs without valid licenses, since at least February 3, 2012, in violation of **RCW 9.46.160.**

The licensee is knowingly operating Parker's under licenses that became void after Geordie Sze sold Parker's. Agents took statements from John Coyle, Geordie Sze and Mark Jones, made onsite visits, and reviewed purchase and sales agreements between Geordie Sze/Slam Dunk, and the licensee (Washington CRE Services, Inc., and John Coyle). Cory Coyle ~~is~~ WAS the licensee's Vice President and has been involved with numerous licensed entities since about 2003. The licensee (Washington CRE Services, Inc. and John Coyle) has never been an owner or

substantial interest holder of Parker's and under these circumstances, the licenses are void and the licensee's conduct violates **WAC 230-06-108.**

By failing to submit a new application for a license to conduct card room and pull-tab activity, and continuing to operate Parker's without valid licenses, after an agent repeatedly advised the licensee of Commission rules, the licensee has demonstrated willful disregard for complying with Commission rules. The licensee has also demonstrated that it 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 prior activities.

The licensee's continued operation of Parker's card room and pull-tabs since at least February 3, 2012, without valid licenses in violation of RCW 9.46.160 and WAC 230-06-108, demonstrates that the licensee is pursuing economic gain in a manner that includes the systematic planning, administration, management or execution of an activity for financial gain.

Based on the licensee's continued operation of gambling activities without valid licenses, there are grounds to revoke Parker's licenses based on RCW 9.46.075(1), (8) and (10) and WAC 230-03-085(1), (3) and (8).

7) WAC 230-15-360 Defining "player-supported jackpot."
"Player-supported jackpot" (PSJ) means a separate contest of chance directly related to the play or outcome of an authorized nonhouse-banked card game.

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(2) In PSJs, licensees:
(a) Collect funds from the players' wagers (the pot) for a separate prize; and
(b) Act only as the custodian of the PSJ funds, including any interest earned on this money; and
(c) Maintain no legal right to the funds, except for administrative fees; and
(d) Must strictly account for all funds.

8) WAC 230-15-400 Accounting for player-supported jackpot funds.
Class F or house-banked licensees must:

(1) Maintain a separate bank account in a bank, mutual savings bank, or credit union in Washington state for holding player-supported jackpot (PSJ) funds; and

(2) Deposit only funds from PSJs into the account; and

(3) Not make payouts from the PSJ funds until licensees have first deposited the funds in the PSJ account. However, licensees may pay out prizes won during the gambling day and deduct administrative expenses before licensees deposit the funds; and

(4) Transfer or deposit the PSJ funds into the PSJ account or with an armored car service no later than the second banking day after the close of business; and

(5) Identify all deposits or transfers of PSJ funds by the type of PSJ fund and date of collection. Licensees must keep the validated deposit receipts or transfer information as a part of their required daily records or have on-line access to their player-supported jackpot bank accounts; and

(6) Transfer the amount from the PSJ account to the cage or general account before the end of the month if PSJ prizes are paid from the cage or general account. The licensee must keep the transfer information as part of the written records; and

(7) Reconcile the account balance in their bank statement to the PSJ prize balance on their PSJ fund accrual record each month. "Reconcile" means the licensee must compare the two balances, resolve any differences, and document the comparison and the differences in writing. Licensees must keep the reconciliation as part of their records.

9) WAC 230-15-390 Collecting an administrative fee on the player-supported jackpot. Class F or house-banked licensees may collect an administrative fee of up to ten percent of the funds collected for a player-supported jackpot (PSJ). Licensees must deduct no other expenses from the PSJ account.

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On February 28, 2012, while operating under licenses that became void after Geordie Sze sold the business, the licensee transferred $6,632 in PSJ funds into its payroll account. The licensee deducted expenses other than administrative fees. This conduct violated **WAC 230-15-360(2)(b)(c)** and **(d), and WAC 230-15-390.**

Between February 29 and March 7, 2012, Parker's withdrew $8,789 from its PSJ account that did not match the amount of prizes paid as listed on its prize fund accrual records. FOD agents were unable to determine the reason for the withdrawals. $2,385 was withdrawn on February 29; $3,171 and $2,662 were withdrawn on March 2; and $571 was withdrawn on March 7. This conduct violated **WAC 230-15-360(2)(b), (c)** and **(d).**

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Between March 16 and March 25, 2012, the licensee did not maintain a separate bank account for PSJ funds, in violation of **WAC 230-15-400(1).**

On March 21, 2012, the licensee, through Mr. Jones, took $7,683.40 of PSJ funds, and placed the funds into the cashier's cage for payroll. Mr. Jones later transferred funds from the payroll account into the PSJ account. This conduct **WAC 230-15-360(2)(b), (c) and (d), and WAC 230-15-390**.

The licensee failed to act only as custodian of funds, failed to properly account for PSJ funds, failed to keep a separate bank account for holding PSJ funds, failed to deposit only funds from PSJs into its PSJ account, and failed to deposit PSJ funds no later than the second banking day after the close of business. As a result of these violations, there are grounds to revoke Parker's licenses based on RCW 9.46.075(1), (8) and (10) and WAC 230-03-085(1) and (8).

10) RCW 9.46.170 provides that whoever, in any application for a license or in any book or record required to be maintained by the Commission or in any report required to be submitted to the Commission, shall make any false or misleading statement, or make any false or misleading entry or willfully fail to maintain or make any entry required to be maintained or made, or who willfully refuses to produce for inspection by the Commission, or its designee, any book, record, or document required to be maintained or made by federal or state law, shall be guilty of a gross misdemeanor subject to the penalty set forth in RCW 9A.20.021.

During the month of March 2012, while operating under licenses that became void after Geordie Sze sold Parker's, the licensee made false and misleading entries in PSJ prize fund accrual records. The records require licensees to fill in dates of "PSJ Bank Deposits;" however, no bank deposits were actually made, and instead, the licensee kept PSJ funds in the cashier's cage. This conduct violated **RCW 9.46.170**. As a result, grounds exist to revoke Washington CRE Services, Inc.'s, license based on RCW 9.46.075(1), (7), (8) and (10) and WAC 230-03-085(1) and (3) and (8).

11) 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 has failed to establish clearly and convincingly, as required by RCW 9.46.153(1), that it is qualified to be licensed. As a result, there are grounds to revoke Washington CRE Services, Inc.'s, license based on RCW 9.46.075(1), (8), and (10) and WAC 230-03-085(1), (3) and (8).

V.

The licensee acknowledges reading and understanding the facts and charges alleged in the Order of Summary Suspension. While not admitting to the facts and violations specified in this case, the licensee agrees that if the Gambling Commission established the facts in the cases at issue, there would be sufficient evidence of the violations as stated in the Order of Summary Suspension.

The Commission alleges that the facts and violations specified in the cases above constitute grounds for the revocation of Washington CRE Services, Inc.'s license to conduct authorized card room and punchboard/pull-tab activities under RCW 9.46.075 and WAC 230-03-085.

1) The licensee, Washington CRE Services, Inc., has waived its right to a hearing, and has agreed to surrender its license.

2) If Washington CRE Services, Inc. reapplies, or if any applicant related or associated in any way with the licensee or the licensee's substantial interest holders applies for a license, they shall be required to establish, by clear and convincing evidence, that they are qualified to hold a gambling license.

3) If Washington CRE Services, Inc. reapplies, or if any applicant related or associated in any way with the licensee or the licensee's substantial interest holders applies for a license, they will be subject to all the Commission's investigative procedures for processing an application for a gambling license, including staff's consideration of the facts alleged in this case.

4) No promises or assurances have been made that Washington CRE Services, Inc., or any applicant related or associated in any way with the current owners or substantial interest holders of the licensee, will receive a license from the Commission should they reapply.

AD

5) ~~Washington CRE Services, Inc. agrees to reimburse the Commission nineteen thousand, three hundred and ninety-five dollars ($19,395), which represents the Commission's investigative and administrative costs.~~

SH

AD

6) ~~The signed Settlement Order, reimbursement for the Commission's investigative and administrative costs, and gambling license must be received by Commission staff no later than the stay hearing on April 19, 2012.~~

SH

DATED this 20 day of April, 2012.

John M. Gray
Administrative Law Judge

1) The licensee, Washington CRE Services, Inc., has waived its right to a hearing, and has agreed to surrender its license.

2) If Washington CRE Services, Inc. reapplies, or if any applicant related or associated in any way with the licensee or the licensee's substantial interest holders applies for a license, they shall be required to establish, by clear and convincing evidence, that they are qualified to hold a gambling license.

3) If Washington CRE Services, Inc. reapplies, or if any applicant related or associated in any way with the licensee or the licensee's substantial interest holders applies for a license, they will be subject to all the Commission's investigative procedures for processing an application for a gambling license, including staff's consideration of the facts alleged in this case.

4) No promises or assurances have been made that Washington CRE Services, Inc., or any applicant related or associated in any way with the current owners or substantial interest holders of the licensee, will receive a license from the Commission should they reapply.

5) ~~Washington CRE Services, Inc. agrees to reimburse the Commission nineteen thousand, three hundred and ninety-five dollars ($19,395), which represents the Commission's investigative and administrative costs.~~

6) ~~The signed Settlement Order, reimbursement for the Commission's investigative and administrative costs, and gambling license must be received by Commission staff no later than the stay hearing on April 19, 2012.~~

DATED this 20 day of April, 2012.

Administrative Law Judge

APPROVED FOR ENTRY:

By the signature below, the licensee understands the terms and conditions contained in the settlement order.

4/18/12
John Coyle, Owner (Date)
Washington CRE Services, Inc.

Arlene Dennistoun, WSBA #28760
Staff Attorney,
Washington State Gambling Commission

APPROVED AS TO FORM:

4/19/12
Stephanie U. Happold
Assistant Attorney General
Representing the Washington State Gambling Commission

Joan K. Mell, Attorney, WSBA #21319
Washington CRE Services, Inc.

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