

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Revocation of the)
Certification to Conduct Gambling Activities of:)
James L. Contreras)
Maple Valley, Washington,)
Class III Employee.)

NO. CR 2013-02248

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

I.

The Washington State Gambling Commission issued James L. Contreras the following certification:¹

Number 69-34289, authorizing Class III Employee activity at the Snoqualmie Casino.

The certification expires on August 7, 2014, and was issued subject to the Class III employee's compliance with state gambling laws and rules and the Snoqualmie Tribal/State Compact.

II.

David Trujillo, Director of the Washington State Gambling Commission, charges the Class III employee with the following violations of the Washington State Gambling Act, 9.46 RCW, WAC Title 230, and the Snoqualmie Tribal/State Compact:

SUMMARY:

On October 29, 2013, James L. Contreras' tribal gaming license was suspended until further notice by the Snoqualmie Gaming Commission (SGC) because of his pending criminal history in federal court. Mr. Contreras is being charged with one count of Embezzlement and 30 counts of Making False Statements. The charges are from a 25-month period when he misappropriated approximately \$197,000 from a cash account he supervised while working for the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) as a Supervisor.

FACTS:

- 1) A Washington State Gambling Commission Special Agent (agent) was assigned to James L. Contreras' file for investigation after the SGC notified Commission staff of his pending criminal history and that his license was suspended. Even though he is not working, his certification remains active.

¹ The Commission issues Class III Certifications to employees working at Tribal casinos. Certifications allow similar activities as Card Room Employee (CRE) licenses issued to persons working at commercial house-banked card rooms. Class III employees may transfer their certifications to a CRE license and work at commercial card rooms by sending Commission staff a transfer form and the accompanying fee.

- 2) The agent reviewed Mr. Contreras' file and saw that he first applied for certification in August 2012 to work at the Snoqualmie Casino as a Security Officer and continued to work there until his suspension.
- 3) The Public Access to Court Electronic Records (PACER) showed an Indictment was filed in the United States District Court for the Western District of Washington at Seattle on November 21, 2013. The following is a summary of the Indictment:
 - Mr. Contreras was employed as a Special Agent (SA) by the ATF, and held positions of Group Supervisor and Sub-Cashier of the Agent Cashier fund. The Agent Cashier fund is maintained at each ATF Division Office and is used for investigative expenses. Mr. Contreras was responsible for reviewing and approving requests for authorized purposes by SAs under his supervision.
 - Mr. Contreras was required to review the Request Forms and counter-sign to approve the use of funds. He signed payment receipts when he gave the funds to the requesting SA, and signed Reports of Expenditures when the requesting SA returned the excess funds or stated all of the funds received were expended.
 - Once a month, Mr. Contreras submitted a "Cashier Reimbursement Voucher and/Accountability Report" (Cash Reimbursement Voucher) along with a Sub-Voucher Log showing each expenditure from the Agent Cashier fund. The Cash Reimbursement Vouchers were sent to the ATF Seattle Division Office for review and approval. As part of this process, Mr. Contreras certified that each disbursement claimed was "correct and proper."
 - Counts 1-30: False Statements, a violation of 18 U.S.C. 1001(a)(3). Mr. Contreras knowingly and willfully made and used false writings and documents knowing they contained materially false, fictitious, and fraudulent statements in connections with ATF investigations. He conducted this scheme in the following manner: Mr. Contreras would forge SA's signatures on the Request Forms to pay informants. He submitted the forms for supervisory approval knowing that the SA's signatures were falsified. Next, Mr. Contreras would sign Payment Receipts falsely showing that he gave the money to the requesting SAs. He submitted the forms for supervisory approval knowing that the SAs did not request the money. Then, Mr. Contreras would forge SAs signatures on the Report of Expenditures, reporting that the informants had been paid. He submitted the forms for supervisory approval knowing documents contained falsified signatures and that the SAs did not make the payments to the informants. Finally, Mr. Contreras would sign Cash Reimbursement Vouchers and submit them along with Sub-Voucher Logs to the Seattle Division Office for approval. As part of this process, he would certify that the disbursement from the Agent Cashier fund was correct and proper when he knew the documents contained falsified signatures.
 - Mr. Contreras falsified the documents at least 30 times between March 12, 2010 and April 20, 2012.

- Count 31: Embezzlement of Public Money in Excess of \$1,000, a violation of 18 U.S.C. 641. Between March 12, 2010 and April 20, 2012. Mr. Contreras did knowingly and without authority, embezzle and convert to his own use money exceeding \$1,000 that belonged to the United States. Mr. Contreras obtained possession of the money through his employment as a SA with the ATF.
- 4) On December 2, 2013, the agent confirmed with Susan Lee, SGC Licensing, that as of this time, Mr. Contreras is suspended until further notice. Mr. Contreras will not have appeal rights unless the SGC decided to go after revocation.

VIOLATIONS:

1) Snoqualmie Tribal/State Compact

Section V.C. of the Snoqualmie Tribal-State Compact provides that SGA² may revoke a certification under the provisions of RCW 9.46.075 and rules promulgated there under, for any reason it deems to be in the public interest. These reasons shall include when the certification holder:

V.C.(1) is determined to be a person whose prior activities, criminal record, if any, or reputation, habits and associations pose a threat to the effective regulation of gaming or create or enhance the chances of unfair or illegal practices, methods and activities being used in the conduct of the gaming activities permitted pursuant to this Compact;

V.C.(2) has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by any provision of a Tribal-State Compact; and

V.C (4) has demonstrated willful disregard or failed to comply with the requirements of any gaming regulatory authority in any jurisdiction, including offenses that could subject the individual to suspension or revocation of any gaming license.

2) RCW 9.46.075 Denying, suspending, or revoking an application, license 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 they are qualified in accordance with the provisions of this chapter it is grounds to revoke.

² Washington State Gambling Commission, as referred to in the Snoqualmie Tribal/State Compact.

(9) Is subject to pending prosecution or pending charges for any of the offenses listed in subsection (4)³ of this chapter, including theft or filing a false report or any similar offense.

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

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.

(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 (c) Reputation; or (d) Habits.

4) RCW 9.46.153 Applicants and licensees — Responsibilities and duties — Waiver of liability — Investigation statement as privileged.

(The following subsection applies.)

(1) It shall be the affirmative responsibility of each applicant and licensee to establish by clear and convincing evidence the necessary qualifications for licensure of each person required to be qualified under this chapter, as well as the qualifications of the facility in which the licensed activity will be conducted.

On October 29, 2013, Mr. Contreras' tribal gaming license was suspended until further notice by the SGC because of his pending criminal history in federal court. Mr. Contreras is charged with one count of Embezzlement and 30 counts of Making False Statements. The charges are from a 25-month period when he misappropriated approximately \$197,000 from a cash account he supervised while working for the Bureau of Alcohol, Tobacco, Firearms and Explosives as a Supervisor. Mr. Contreras has failed to show that he is qualified to hold a certification, in violation of RCW 9.46.153. Therefore, under Snoqualmie Tribal/State Compact V.C. (1), (2), and (4), RCW 9.46.075(1), (8), and (9), and WAC 230-03-085(1) and (8), grounds exist to revoke Mr. Contreras' certification.

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³ RCW 9.46.075 (4) Has been convicted of, or forfeited bond upon a charge of, or pleaded guilty to, forgery, larceny, extortion, conspiracy to defraud, wilful failure to make required payments or reports to a governmental agency at any level, or filing false reports therewith, or of any similar offense or offenses, or of bribing or otherwise unlawfully influencing a public official or employee of any state or the United States, or of any crime, whether a felony or misdemeanor involving any gambling activity or physical harm to individuals or involving moral turpitude;

III.

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

The Class III employee 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 certification.

IV.

I have read this Notice of Administrative Charges and Opportunity for an Adjudicative Proceeding, know the contents of it, believe it to be true, and have executed this Notice in my capacity as Director of the Washington State Gambling Commission.

Dated December 30, 2013



DAVID TRUJILLO, DIRECTOR

STATE OF WASHINGTON)
)
COUNTY OF THURSTON)

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

Dated at Olympia, Washington this 31 day of December, 2013
