

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Suspension of the License to)
Conduct Gambling Activities of:)
Phuc D. Ha)
Marysville, Washington,)
Licensee.)

NO. CR 2013-00026

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

I.

The Washington State Gambling Commission issued Phuc D. Ha the following license: Number 68-13196, authorizing Card Room Employee activity with Royal Casino in Everett. The license expires on January 3, 2014, and was issued subject to Mr. Ha's compliance with state gambling laws and rules.

II.

David Trujillo, Acting Director of the Washington State Gambling Commission, charges the licensee with the following violations of Chapter 9.46 RCW, and WAC Title 230.

SUMMARY:

Phuc D. Ha under-reported \$2,137.50 in tips from December 19, 2012, to January 6, 2013.

FACTS:

1) On December 17, 2012, a Washington State Gambling Commission Special Agent (agent) met with Todd Marshall, General Manager of Royal Casino. During the meeting, Mr. Marshall and the agent reviewed the card room's internal controls section regarding the requirement for employees to accurately report all tips they received. Mr. Marshall said all dealers had recently received a letter from Washington Gold¹ management reminding them they are required to report all tips received. The letter included WAC 230-15-475 6(d), which provides that all employees must "Accurately report all tips to their employer as described in the licensee's internal controls." Mr. Marshall said Mr. Ha signed a copy of the Washington Gold tip letter on October 21, 2012.

2) The Royal Casino's internal controls state: "All dealers will redeem their tips under surveillance at the cashier's cage. All toke² earnings will be reported to management."

¹ Washington Gold, located in Renton, manages Coyote Bob's Roadhouse Casino, Crazy Moose Casino, Golden Nugget Casino, Club Hollywood Casino, Red Dragon Casino, Royal Casino, and Silver Dollar Casino.

² Tokens are gratuity received by card room employees who are dealers from players or patrons.

- 3) On December 18, 2012, the agent conducted a payroll module review at Royal Casino. Jennifer Canfield, of Accounting, was the primary point of contact. The payroll records include the amount of tips reported by the dealers. Ms. Canfield said dealers take their token boxes to the cashier's cage. The cashier unlocks the token box, places all of the casino chips inside on the counter, and gives the dealers cash for the chips. The dealers then log out as off-duty. The Aloha POS³ computer tracker asks the dealers how much they collected in tips, and the dealers input the amount they received for that shift.
- 4) The agent noticed numerous dealers reporting what appeared to be an unusually low amount of tips while reviewing the payroll records. On December 18, 2012, the agent met with Josh Christman, Surveillance Observer, and requested that Royal Casino surveillance staff document the amount dealers received in tips. This would be done by recording with surveillance cameras how much dealers cashed in from their locked token boxes at the cashier's cage.
- 5) On December 21, 2012, the agent compared the tip amount surveillance staff documented for Mr. Ha with the payroll report the agent received from Ms. Canfield. The agent determined Mr. Ha cashed in \$296 in tips at the cashier's cage on December 20, 2012, and reported no tips, in violation of WAC 230-15-475(6)(d).
- 6) On December 23, 2012, the agent met with Matt Sanders, Surveillance Manager, and requested that surveillance staff document and record via surveillance cameras the amount Mr. Ha received when he cashed in his tips. Ms. Canfield provided the agent a copy of the Washington Gold letter Mr. Ha signed, dated October 21, 2012, indicating he was notified of the requirement to report all of his tips and was given a copy.
- 7) On December 30, 2012, the agent reviewed the Washington Gold Team Member Handbook. On page fifteen of the handbook is written, "All tipped team members are required to declare 100% of their tipped income."
- 8) On December 31, 2012, Ms. Canfield told the agent Mr. Ha was given a copy of the Washington Gold Team Member Handbook when he was hired. She provided an acknowledgement receipt signed by Mr. Ha on July 9, 2011, indicating he had received the book.
- 9) Nancy Christopherson, a Royal Casino employee provided the agent a copy of Mr. Ha's payroll records, including the amount of tips he reported for the period of December 16, 2012, to January 6, 2013.
- 10) The agent observed the surveillance recordings of each incident. Mr. Ha was readily identifiable handing his token box to the cage cashier and receiving cash back. The agent saw the cage cashier open the token boxes, remove the tips, count the tips, and cash the chips in for U.S. currency, which was then given to Mr. Ha. The agent compared the amount of tips cashed by the

³ Computer based software where employees log in at the start of their shift, and log out at the end of their shift. The program requires each employee to input the last four numbers of their social security number. The program has an icon labeled "Tips." When the tips icon is pressed the user is presented a screen similar to the number keys on a calculator, they are then required to input a tip amount and hit the enter key before the program will allow them to log out.

cage cashier to amounts reported by surveillance staff. They appeared to be materially accurate. The agent used the Royal Casino internal controls documentation of house-banked and poker chips color and marks to confirm amounts.

11) The agent prepared a chart documenting the dates and times Mr. Ha cashed in tips from his token box, the amounts he received, how much he reported, and the surveillance tape numbers the incidents were recorded on. The agent determined Mr. Ha cashed in \$2,354.50 in tips at the cashier's cage from December 19, 2012, to January 6, 2013. However, Mr. Ha reported \$217 in tips, a difference of \$2,137.50. Surveillance video clearly shows a cage cashier opening Mr. Ha's token boxes and counting \$2,354.50 in tips.

12) On January 11, 2013, the agent interviewed Mr. Ha, who wrote a sworn statement indicating he received a copy of the Washington Gold letter and WAC rules reminding him to report all of his tips. He stated he under-reported the amount of tips he received to provide for his daughter, pay his bills, and to gamble with. He further stated, he knew of the requirement to report all of his tips, and "I did not report all tips." Mr. Ha wrote a sworn statement, stating in part, "I know wen [sic] I report less tips I pay less tax."

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 certified employee, or any person with any interest therein:

(The following subsection applies.)

(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.

2) 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, certified employee, or anyone holding a substantial interest in the applicant's or certified employee'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.

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

(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.

3) WAC 230-15-425 Internal controls

(The following subsection applies.)

(2) Licensed card room employees must follow the internal control procedures for their individual functions.

4) WAC 230-15-475 Tips from players and patrons to card room employees

(The following subsection applies.)

(6) Employees must...

(d) accurately report all tips to their employer as described in the licensee's internal controls.

5) 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.

Phuc D. Ha failed to comply with internal control procedures by not accurately reporting his tips, in violation of WAC 230-15-425 and WAC 230-15-475. On October 21, 2012, Mr. Ha signed a copy of WAC 230-15-475 from Royal Casino, acknowledging he must accurately report tips as described in the internal controls. As a result, he has demonstrated willful disregard for complying with Commission rules. Mr. Ha has failed to establish by clear and convincing evidence, as required by RCW 9.46.153(1), that he is qualified to be licensed. In addition, failure to comply with internal controls and accurately report tips establishes that the licensee 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 based on his activities. As a result, there are grounds to suspend Phuc D. Ha's license based on RCW 9.46.075(1), and WAC 230-03-085(1), (3) and (8).

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

The licensee will have the opportunity to have a hearing on the alleged violations. In order to have a hearing, the enclosed REQUEST FOR HEARING must be completed in full by the licensee or representative and returned to the Gambling Commission within **23 days** from the date of the mailing of this notice.

Based on RCW 34.05.440, FAILURE TO RETURN THIS DOCUMENT WILL RESULT IN THE ENTRY OF A DEFAULT ORDER FOR A 30-DAY SUSPENSION YOUR LICENSE.

STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

David Trujillo, being first duly sworn on oath, deposes and says: He has read this Notice of Administrative Charges and Opportunity for An Adjudicative Proceeding, knows the contents, and believes the same to be true, and that he is the duly appointed and qualified Acting Director of the Washington State Gambling Commission and in that capacity has executed these Charges.

David Trujillo

DAVID TRUJILLO, ACTING DIRECTOR

SUBSCRIBED AND SWORN TO before me
this 7 day of March, 2013.

Maureen Pretell

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



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 8 day of March, 2013
Maureen Pretell