

STATE OF WASHINGTON  
GAMBLING COMMISSION

In the Matter of the Suspension or Revocation of the  
License to Operate Gambling Activities of: )  
)  
Denise M. Harris )  
Everett, Washington, )  
)  
Licensee. )  
\_\_\_\_\_ )

NO. CR 2013-00003

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

I.

The Washington State Gambling Commission issued Denise M. Harris the following license: Number 68-07026, authorizing Card Room Employee activity with Royal Casino in Everett. The license expires on September 5, 2013, and was issued subject to Ms. Harris' compliance with state gambling laws and rules.

II.

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

**SUMMARY:**

Denise M. Harris under-reported \$898 in tips from December 19, 2012, to January 3, 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 Gold<sup>1</sup> 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 Ms. Harris signed a copy of the Washington Gold tip letter on October 18, 2012.

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

<sup>1</sup> 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.

<sup>2</sup> 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 go to the employee time log and log out of duty. The Aloha POS<sup>3</sup> computer tracker asks the dealers how much they collected in tips, and the dealers then 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 the 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 Ms. Harris with the payroll report the agent received from Ms. Canfield. The agent determined Ms. Harris cashed in \$208 in tips at the cashier's cage from December 19, 2012, to December 20, 2012. Ms. Harris reported \$60 in tips, a difference of \$148, 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 Ms. Harris received when she cashed in her tips. Ms. Canfield provided the agent a copy of the Washington Gold letter Ms. Harris signed, dated October 18, 2012, indicating she was notified of the requirement to report all of her 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 Ms. Harris was given a copy of the Washington Gold Team Member Handbook when she was hired. She provided an acknowledgement receipt signed by Ms. Harris on July 11, 2011, indicating she had received the book.
- 9) Nancy Christopherson provided the agent a copy of Ms. Harris' payroll records, including the amount of tips she reported for the period of December 19, 2012, to January 3, 2013.
- 10) On January 10, 2013, the agent received Royal Casino surveillance recordings documenting the amount of tips Ms. Harris received to include the period of December 19, 2012, to January 3, 2013.

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<sup>3</sup> 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.

11) The agent observed the surveillance recordings of each incident. Ms. Harris was readily identifiable handing her 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 Ms. Harris. The agent compared the amount of tips cashed by the 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.

12) The agent prepared a chart documenting the dates and times Ms. Harris cashed in tips from her token box, the amounts she received, how much she reported, and the surveillance tape numbers the incidents were recorded on. The agent determined Ms. Harris cashed in \$1,949 in tips at the cashier's cage from December 19, 2012, to January 3, 2013. However, Ms. Harris reported \$1,051 in tips, a difference of \$898.

13) On January 8, 2013, the agent interviewed Ms. Harris, who wrote a sworn statement indicating she received a copy of the Washington Gold letter and WAC rules reminding her to report all of her tips. She stated she "under reported my tips to be able to pay rent on a house and to take care of a sick parent and my child. The reason for under reporting was my check would be larger from taxes and I could not pay my rent and other bills."

14) Ms. Harris stated that after receiving the letter reminding her to report all of her taxes, she gradually increased the amount she reported. In January 2013, Ms. Harris stated she began to report all of her tips, except for the tip money she gave to the cage. Ms. Harris stated she usually gave \$5.00 to the cage cashier for every \$100 she received in tips.

15) The agent reviewed Ms. Harris' documented tips and her actual tips. For the period of December 31, 2012 to January 2, 2013, Ms. Harris received \$938 and reported \$855, a difference of \$83. A review of surveillance recordings revealed what appeared to be Ms. Harris tipping the cage cashier as follows:

- \$8 on 12/26/12;
- \$15 on 12/31/2012; and
- \$8 on 1/1/2013.

18) No other incidents of Ms. Harris tipping the cage cashier were noted by reviewing surveillance recordings.

#### **VIOLATIONS:**

#### **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.

**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.

**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.

**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.

**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.

Denise M. Harris failed to comply with internal control procedures by not accurately reporting her tips, in violation of WAC 230-425 and WAC 230-15-475. On October 18, 2012, Ms. Harris signed

a copy of WAC 230-15-475 from Royal Casino, acknowledging she must accurately report tips as described in the internal controls. As a result, she has demonstrated willful disregard for complying with Commission rules. Ms. Harris has failed to establish by clear and convincing evidence, as required by RCW 9.46.153(1), that she 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 her activities. As a result, there are grounds to suspend or revoke Denise M. Harris's license based on RCW 9.46.075(1), and WAC 230-03-085(1), (3) and (8).

III.

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

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF THURSTON )

Rick Day, 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 Director of the Washington State Gambling Commission and in that capacity has executed these Charges.

Rick Day  
RICK DAY, DIRECTOR

SUBSCRIBED AND SWORN TO before me  
this 22 day of February, 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 )  
 ) ss.  
COUNTY OF THURSTON )

I hereby certify that I have this day served a copy of the document upon all parties of record in the proceeding by mailing a copy thereof, properly 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 22 day of February, 2013

Maureen Pretell

Communications and Legal Department  
Washington State Gambling Commission

