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OCT 30 2013

Gambling Commission  
Comm. & Legal Division

STATE OF WASHINGTON  
GAMBLING COMMISSION

Received

OCT 10 2013

Gambling Commission  
Comm. & Legal Division

In the Matter of the Summary Suspension of the )  
 Certification and License to Operate Gambling )  
 Activities of: )  
 )  
 Lei Zhong )  
 Renton, Washington, )  
 )  
 Licensee/Class III Employee. )

NO. CR 2013-00937

**SETTLEMENT ORDER**

This Settlement Order is entered into between the Washington State Gambling Commission and Lei Zhong. Gregory Rosen, Assistant Attorney General, and Melinda Froud, Lead Staff Attorney, represent the Gambling Commission. The licensee is represented by Attorney Frederick Whang.

I.

The Washington State Gambling Commission issued Lei Zhong the following license and certification:

Number 68-20270, authorizing Card Room Employee activity currently with Riverside Casino, Tukwila; and

Number 69-28267, authorizing Class III Employee activity formerly with the Snoqualmie Casino.

The license and certification expired on September 12, 2013, and were issued subject to Ms. Zhong's compliance with the Snoqualmie Tribal/State Compact, and state gambling laws and rules.

II.

The Director issued an Order of Summary Suspension to the licensee/certified employee. The Order of Summary Suspension was personally served to the licensee/certified employee on June 17, 2013. On June 24, 2013, Commission staff received Ms. Zhong's request for hearing.

III.

The following summary of facts and violations were alleged in the Order of Summary Suspension:

On April 25, 2013, Lei Zhong was notified by the Snoqualmie Gaming Commission (SGC) that they were seeking to revoke her tribal license after she admitted to employee theft. Her actions resulted in a loss of at least \$900 to the casino.

#### **VIOLATIONS:**

##### **1) Snoqualmie Tribal/State Compact**

Section V.C. of the Tribal-State Compact states the State Gaming Agency<sup>1</sup> may revoke, suspend or deny a State certification for any reason it deems to be in the public interest. These reasons shall include when the holder of certification:

V.C.1. Is determined to be a person who because of 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 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.

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

##### **2) RCW 9.46.075 Denial, suspension, or revocation of certification, 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.

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

(8) Fails to prove, by clear and convincing evidence, that she 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

<sup>1</sup> Washington State Gambling Commission, as referred to in the Snoqualmie Tribal/State Compact.

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.

**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, 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.

(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.

**4) RCW 9.46.180 Causing person to violate chapter.**

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

**5) RCW 9.46.185 Causing person to violate rule or regulation.**

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

**6) RCW 9.46.190 Violations relating to fraud or deceit.**

Any person or association or organization operating any gambling activity who or which, directly or indirectly, shall in the course of such operation:

(The following subsections apply.)

(1) Employ any device, scheme, or artifice to defraud;

(3) Engage in any act, practice or course of operation as would operate as a fraud or deceit upon any person;

Shall be guilty of a gross misdemeanor subject to the penalty set forth in RCW 9A.20.021.

**7) RCW 9.46.153(1) Applicants and licensees-Responsibilities and duties**

It shall be the affirmative responsibility of each applicant and licensee to establish by clear and convincing evidence the necessary qualifications for licensure of each person required to be

qualified under this chapter, as well as the qualifications of the facility in which the licensed activity will be conducted.

Lei Zhong admitted adding points to Jing Ru Lu's player tracking account at the Snoqualmie Casino, resulting in a loss of at least \$900 to the casino, in violation of RCW 9.46.190. Ms. Zhong admitted she knew it was wrong and illegal. She also conspired with Mr. Lu to violate rules and laws, in violation, of RCW 9.46.180 and RCW 9.46.185. Ms. Zhong made a profit of approximately \$500, and Mr. Lu's player tracking points paid for several of her meals at the casino's restaurants.

#### IV.

Lei Zhong acknowledges that she has read the Order of Summary Suspension, and understands the facts contained in it. While not admitting to the facts and violations specified above in Section III, Ms. Zhong agrees that if the Gambling Commission established the alleged facts in the case at issue, there would be sufficient evidence of the violations as stated in the Order of Summary Suspension.

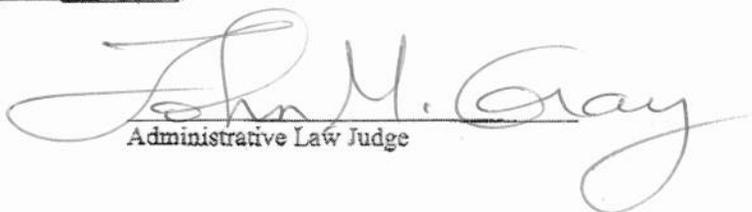
- 1) Ms. Zhong has agreed to surrender her Card Room Employee license and Class III Employee certification. She is not authorized to conduct Class III Employee or Card Room Employee activity.
- 2) In the event Ms. Zhong applies for certification or a gambling license, she will be subject to all the Commission's investigative procedures for processing such application. Furthermore, no promises or assurances have been made to Ms. Zhong that she will receive a license or certification from the Commission should she apply.
- 3) Unless licensed, certified, or otherwise approved by the Washington State Gambling Commission, Lei Zhong agrees to have no involvement in the ownership, operation, or financing of any activity regulated by the Washington State Gambling Commission. This does not prevent Ms. Zhong from working in non-gambling related employment at an establishment engaged in authorized gambling activities.
- 4) **The signed Settlement Order must be received by Commission staff by October 10, 2013, and mailed to Commission Headquarters at the following address:**

Washington State Gambling Commission  
Attention: Communications and Legal Division  
P.O. Box 42400  
Olympia, WA 98504-2400

**Or delivered (in person or via private courier) to the following address:**

Washington State Gambling Commission  
Attention: Communications and Legal Division  
4565 7<sup>th</sup> Avenue SE, Fourth Floor  
Lacey, WA 98503

DATED this 11<sup>th</sup> day of October, 2013.

  
Administrative Law Judge

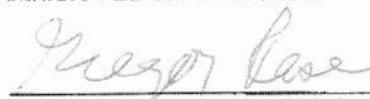
By her signature, the licensee understands and accepts the terms and conditions of this Order

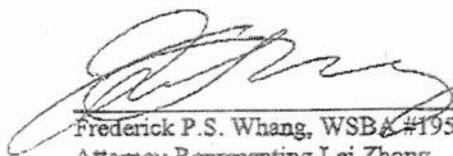
APPROVED FOR ENTRY:

  
\_\_\_\_\_  
Lei Zhong  
Licensee

10/09/2013  
(Date)

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Gregory Rosen, WSBA# 15870  
Assistant Attorney General  
Representing the Washington State  
Gambling Commission

  
\_\_\_\_\_  
Frederick P.S. Whang, WSBA #19562 (Date)  
Attorney Representing Lei Zhong

10/09/2013

  
\_\_\_\_\_  
Melinda Froud, WSBA #26792  
Lead Staff Attorney,  
Washington State Gambling Commission