

STATE OF WASHINGTON  
GAMBLING COMMISSION

In the Matter of the Summary Suspension of the )  
Certification and License to Operate Gambling ) NO. CR 2013-00937  
Activities of: )  
)  
Lei Zhong ) **FINDINGS OF FACT,**  
Renton, Washington, ) **CONCLUSIONS OF LAW,**  
) **AND ORDER OF SUMMARY**  
) **SUSPENSION OF LICENSE**  
Licensee/Class III Employee. ) **AND CERTIFICATION**

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RCW 9.46.070(17) authorizes the Washington State Gambling Commission (Commission) to summarily suspend<sup>1</sup> a license, subject to final action by the Commission. The Interim Director has reviewed this Order of Summary Suspension and has issued it for service.

This order takes effect when served on the licensee, representative, or agent. A Commission Special Agent shall seize Lei Zhong's license and certification<sup>2</sup> and she must stop conducting gambling activities.

**FINDINGS OF FACT**

I.

David Trujillo is the Interim Director of the Washington State Gambling Commission and issues this order. Jurisdiction of this proceeding is based on the Snoqualmie Tribal/State Compact, chapter 9.46 RCW, Gambling, chapter 34.05 RCW, the Administrative Procedure Act, and Title 230 WAC.

II.

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

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<sup>1</sup> 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.

<sup>2</sup> Class III Certification is issued to employees working at tribal Casinos. The certification authorizes similar activities as the Card Room Employee (CRE) license issued to individuals working at commercial house-banked card rooms. By submitting a transfer form and fees, holders of a Class III Certification may also hold a commercial Card Room Employee license.

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

The license and certification expire 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.

### III.

After a thorough review of the report by a Commission Special Agent about the facts in this matter, the Interim Director accepts the report as true and has determined that the summary suspension is necessary.

### IV.

#### **SUMMARY:**

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. The revocation of her certification is pending until Snoqualmie Gaming Commissioner's final decision.

#### **FACTS:**

1) On April 16, 2013, a Washington State Gambling Commission Special Agent (agent) was assigned to Lei Zhong's file for a suitability investigation after receiving information from SGC of their intent to revoke her tribal license. Ms. Zhong has since been terminated from the Snoqualmie Casino, but she still has an active public Card Room Employee license to work at Riverside Casino.

2) Ms. Zhong first applied for a license in 2004 to work at Freddie's Club in Renton. She has maintained her license since and has worked in several establishments, including Hooters in Renton, Chips Casino in Tukwila, and Riverside Casino. Ms. Zhong has maintained her certification at Snoqualmie Casino, subject to the current pending revocations.

3) As part of the investigation, the agent received the investigation file from SGC pertaining to Ms. Zhong, which is summarized as follows:

- In February 2012, the Table Games Director of the SGC received an anonymous letter reporting that Ms. Zhong was rating a guest, Jing-Ru Lu, with points on his player account when he was not present.<sup>3</sup> The letter stated that Mr. Lu cashed out the points and got \$600 in cash at one time and \$300 in cash at another time.

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<sup>3</sup> The Snoqualmie Casino has a player rewards program that awards points based on a patron's playing activity.

- On February 14, 2013, the Table Games Director of the SGC received an anonymous phone call from a man who claimed that Mr. Lu was being rated by a Supervisor, Ms. Zhong, when Mr. Lu was not playing.
- A review was completed by surveillance, which showed six discrepancies when Mr. Lu was rated while not at the table. Ms. Zhong was present during the discrepancies.
- In March 2013, the Table Games Director of the SGC received another anonymous letter, this time from an employee. The letter stated that Ms. Zhong “is abusing the customer rewards program for personal profit” by awarding her friend “enough points to turn it into a substantial profit.”
- Another review was completed by surveillance, which showed another discrepancy when Mr. Lu was rated while not present or playing. Ms. Zhong was present during the discrepancy.

4) An incident file was opened to document the review and shows the seven discrepancies. The following is a summary:

- On March 2, 2013, according to the player tracking system, Mr. Lu’s account was credited for \$600, and he was rated for playing from 16:23 to 18:08. Surveillance could not confirm the identity of Mr. Lu during this time and the only buy-in for \$600 was from a female. Ms. Zhong was seen accessing the player tracking system.
- On March 5, 2013, according to their player tracking system, Mr. Lu’s account was credited for \$500 and he was rated for playing from 00:24 to 01:04. Surveillance could not confirm the identity of Mr. Lu during this time and no guests had bought in for \$500. Ms. Zhong was seen accessing the player tracking system.

5) The incident file summarized five similar occurrences from February 2013 to April 2013 when Mr. Lu’s account was credited, he was not identified by surveillance at the time, and Ms. Zhong was seen accessing the player tracking system.

6) On April 10, 2013, SGC investigators interviewed Mr. Lu regarding the allegations against Ms. Zhong. At the end of the interview, a Voluntary Statement was typed out and signed by Mr. Lu, and is summarized as follows:

- Mr. Lu has known Ms. Zhong for about seven years. The only games he plays at Snoqualmie are Baccarat, Pai Gow, and Roulette. His usual buy-in is between four and five hundred dollars. The last time he gambled at Snoqualmie was a couple of months ago.
- Ms. Zhong started adding points to his account when he wasn’t there about two years prior. He told her to stop. He admitted to eating at the buffet or eating sushi at the casino using

his points. About twice a month, Ms. Zhong would eat with him. He also admitted to cashing out his points on two separate occasions, resulting in a total of \$900 in cash. He gave some cash back to Ms. Zhong even though she didn't expect it.

- He told Ms. Zhong to stop adding the points to his account and told her she could get in trouble for it, but she didn't stop. He was very worried about what would happen to Ms. Zhong, and he asked SGC to not fire her. He said, "Everyone makes mistakes and maybe you should just suspend her for two weeks."

7) On April 15, 2013, SGC interviewed Ms. Zhong about the discrepancies, which is summarized as follows:

- When asked if she knew why she was being interviewed, Ms. Zhong replied that she hadn't done anything wrong, and that she had not cheated or stolen chips. She was asked about the procedures of rating guests and was able to explain them.
- She said she knew Mr. Lu for seven years and had been in an intimate relationship with him for two years. She said they had broken up two months ago, and she has a new boyfriend. Ms. Zhong was asked if Mr. Lu was at the casino the night before, and she answered, "no."
- She was then asked if she knew why she was being interviewed, and she lowered her head. She said, "Yes, I do, I have been rating Mr. Lu at the tables when he is not here." She admitted to rating Mr. Lu as recently as the night before.
- When asked, she said in return for rating him, she received \$500 and dined several times using the points. She admitted what she did was wrong, and she knew it was a crime.

Along with this typed statement, there is a brief hand written statement that says, "I actually [sic] break the Gambling rules from Snoqualmie Casino because I was helping my ex boyfriend Jing Lu to cheat the point [sic] from the casino to cash out."

8) SGC provided a report that shows on September 5, 2012, Mr. Lu's account was cashed out and \$600 was received. The same report also shows that on January 2, 2013, Mr. Lu's account was cashed out and \$300 was received.

9) On April 25, 2013, SGC sent Ms. Zhong a letter notifying her of their intention to revoke her tribal license, and advised that she was entitled to a revocation hearing.

11) On May 13, 2013, the agent called and spoke with Susan Lee with the Tribal Gaming Agency (TGA) at SGC. She stated that TGA is pursuing criminal charges on both Mr. Lu and Ms. Zhong. She also stated that as far as she knew, Ms. Zhong has not appealed her revocation.

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## 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(2)** provides that the Commission delegates its authority to the Director to summarily suspend any license if the Director determines that a licensee 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) **WAC 230-17-165(3)** The Commission deems the following actions of a licensee 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;

(b) Knowingly causing, aiding, abetting, or conspiring with another to cause any person to violate any of the laws of this state or the rules of 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.

Lei Zhong admitted adding unauthorized points to Mr. Lu's player tracking account at the Snoqualmie Casino, resulting in a loss of at least \$900 to the casino. Ms. Zhong admitted she knew her actions were wrong and illegal. She also conspired with Mr. Lu to violate gambling laws and rules. 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. Her actions constitute an immediate danger to public safety and welfare based on WAC 230-17-165(3) (a), (b), and (i).

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

Section V.C. of the Tribal-State Compact states the State Gaming Agency<sup>4</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:

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<sup>4</sup> Washington State Gambling Commission, as referred to in the Snoqualmie Tribal/State Compact.

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.

**5) 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 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.

**6) 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.

**7) 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.

**8) 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.

**9) 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.

**10) 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.

The certified employee's pending criminal charges demonstrate that the Class III employee 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.

Lei Zhong has admitted adding points to Mr. 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.

Lei Zhong has failed to establish by clear and convincing evidence that she is qualified for licensure, as required by RCW 9.46.153(1). As a result, there are grounds to revoke Lei Zhong's license and certification based on the Snoqualmie Tribal/State Compact, RCW 9.46.075(1), (2), (8), and (10), and WAC 230-03-085(1) and (8).

## II.

The licensee and certified employee's actions are an immediate danger to public safety and welfare, and she has failed to comply with the Snoqualmie Tribal/State Compact, chapter 9.46 RCW or Commission rules. The immediate suspension of Lei Zhong's license and certification to conduct gambling activity is required to protect public safety and welfare.

## ORDER

Based on the FINDINGS OF FACT AND CONCLUSIONS OF LAW and the Interim Director's authority under RCW 34.05.422, RCW 9.46.070(17), and WAC 230-17-165, the Interim Director orders that Lei Zhong's license and certification are 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.

