

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Suspension or Revocation of the)
Licenses to Conduct Gambling Activities of:)
)
Lucky Dragonz Casino)
Seattle, Washington,)
)
Licensee.)
_____)

NO. CR 2014-00500

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

I.

The Washington State Gambling Commission issued Lucky Dragonz Casino, Organization Number 00-23001, the following licenses:

Number 53-21262, authorizing Class Commercial Amusement Games "A1" activity;
Number 67-00323, authorizing Class "15" House Banked Cardroom activity; and
Number 65-07413, authorizing Class "F6" Public Cardroom activity.

The licenses expire on June 30, 2015, and were issued subject to the licensee's compliance with state gambling laws and regulations.

II.

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

SUMMARY:

Lucky Dragonz Casino extended credit and also failed to comply with numerous Internal Control procedures.

FACTS:

1) On March 04, 2014, a Washington State Gambling Commission Special Agent (agent) received a complaint that stated Lucky Dragonz Casino was allowing players to buy-in to poker games for \$80 and in return was given \$100. The complainant added that the first nine players were given the extra \$20 and in order to keep the \$20 they had to play for two hours. If the player did not play for two hours, they had to give the \$20 back. Additionally, the complainant stated that Lucky Dragonz Casino was paying players to play in poker games.

2) On March 5, 2014, the agent went to Lucky Dragonz Casino and met with General Manager, Tom Luu and Poker Manager, Jason Martin. While at Lucky Dragonz, the agent spoke with Mr. Luu about the violations. The agent asked if anyone had been in surveillance to monitor the soft count process since the beginning of the year. Mr. Luu stated that no one had been in surveillance to monitor the soft count process since January 22, 2014. The agent had previously spoken with Mr. Luu on at least two occasions reminding him that he had to follow house-banked surveillance rules. The agent later obtained a copy of the Surveillance Room Sign-In Log from February 14, 2014, to March 14, 2014, and noted that no one had signed-in as being in surveillance at all on the following days:

- February 23, 2014;
- February 24, 2014;
- February 25, 2014;
- March 2, 2014;
- March 3, 2014; and
- March 10, 2014.

3) Mr. Luu stated that soft count was conducted at 20:30. The agent asked how long soft count had been conducted at that time, and Mr. Luu stated at least one week. The Lucky Dragonz Casino Internal Controls (ICs) stated soft count would be conducted at 14:15 hours. Mr. Luu had not submitted new IC's to have the soft count time changed. From February 17, 2014, to March 17, 2014, soft count was completed at a time other than what was approved in Lucky Dragonz ICs.

4) Mr. Luu stated that for one week he had used three prop players, who were each paid \$100 to keep the poker game going. The prop players were not disclosed to any of the other poker players at the tables and also were not on the Lucky Dragonz payroll or licensed with the Washington State Gambling Commission.

5) The agent asked Mr. Martin about the promotion Lucky Dragonz was running where the first nine poker players who bought in for \$80 were given \$100 in return. Mr. Martin stated that poker players were given an extra \$20 in chips for being one of the first nine players. If they played for at least two hours, they were able to keep the \$20. If the player left before two hours, they had to return the \$20. The agent asked Mr. Martin what happened if the player left before two hours but lost all of their money including the extra \$20. Mr. Martin stated that the player did not have to pay back the \$20. Mr. Martin stated they were keeping track of the \$20 players by a form with the player's name. The agent told Mr. Martin that there were no rules about the promotion posted, not all players were not aware of the promotion, and it was an extension of credit.

3) The agent looked at the cage key log for February and observed that the cage keys had not been signed out between February 24, 2014, and February 27, 2014. The agent told Mr. Luu he knew the cage keys were accessed on a daily basis and asked why the keys were not signed out.

Mr. Luu stated that he was on vacation during those days and whoever accessed the keys did not sign them out.

4) The agent also reviewed the key log for soft count. The key log for soft count had not been completed since January 29, 2014, and six additional days in January were also not completed. The agent told Mr. Luu that soft count was conducted every day and that whoever had checked out the keys needed to sign them in and out. The agent added that he had previously warned Mr. Luu about making sure key logs were completed accurately after a key control inspection covering November 6, 2013, to December 13, 2013.

5) While reviewing cage paperwork for game day February 24, 2014, the agent asked Mr. Luu why his signature was on the cashier's line when Mr. Luu had stated he had been out of town from February 24 until February 28. Mr. Luu stated that he signed the paperwork once he returned from vacation. The agent told Mr. Luu that he was not the one who counted the cage or completed the paperwork so he could not sign the paperwork attesting to the accuracy of the count.

6) On April 1, 2014, two agents went to Lucky Dragonz Casino to review the accounting records. While reviewing the records, the agent noted that Lucky Dragonz had failed to complete a PSJ Prize Fund Accrual Record for the month of February 2014. The record is used to keep track of all the money being added to or taken away from the PSJ account for a month. Mr. Luu was unsure why the record was not completed, as the months of January and March were completed.

VIOLATIONS:

1) RCW 9.46.075 Denial, suspension, or revocation of license, 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 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, 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.

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

3) WAC 230-06-035 Credit, loans, or gifts prohibited.

(The following subsection applies.)

(1) Licensees, employees, or members must not offer or give credit, loans, or gifts to any person playing in an authorized gambling activity or which makes it possible for any person to play in an authorized gambling activity.

4) WAC 230-15-158 Ensuring card room employees meet license requirements.

(The following subsection applies.)

Card game licensees must not allow any person to perform the duties of card room employee¹ until they have met our licensing requirements.

5) WAC 230-15-645 Keeping a key control log.

(The following subsection applies.)

House-banked card game licensees must keep a key control log in the format we require to record the use and return of keys used to control access to restricted areas.

6) WAC 230-15-750 Signature requirements for documents, records, and forms.

(The following subsections apply.)

(1) House-banked card game licensees must document each transfer of cash, coins, or chips and verify the transfer with the signature(s) of individual(s) responsible for the records.

(2) By signing documents, records, and forms, signers are indicating that they:

(a) Have prepared them according to the requirements of the accounting system and internal controls; and/or

(b) Attest to the accuracy of the information recorded for which they are responsible..

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¹ **WAC 230-03-265 Applying for a card room employee license.**

(The following subsection applies.)

You must apply for a card room employee license if you will be involved in the operation of a:

(3) House-banked card room; and

(4) You perform any of the following functions:

(h) Taking part in the operation of a card game.

7) WAC 230-15-425 Internal controls.

(The following subsection applies.)

- (1) House-banked card game licensees must:
- (c) Follow all ICs at all times

8) WAC 230-15-320 Surveillance room requirements for house-banked card game licensees.

(The following subsection applies.)

House-banked card game licensees must maintain one or more surveillance rooms. They must:

- (3) Ensure that a surveillance employee is present in the room and monitoring activities using the equipment any time the card room is conducting gambling and during the count process.

However, subject to subsection (4)² of this section, licensees may operate the surveillance room without staff:

- (a) For routine breaks that are less than thirty minutes per shift; or
- (b) When only nonhouse-banked card games are operated with wager limits of forty dollars or less and such limits are documented in their internal controls.

9) WAC 230-15-190 Preparing card game records.

(The following subsection applies.)

- (1) Card game licensees must prepare all records in the format we require. Licensees must record the data in ink, on storage media, or in other permanent form.

Lucky Dragonz Casino extended credit to some patrons by giving them \$100 in chips in exchange for an \$80 buy-in for poker games, in violation of WAC 230-06-035. Lucky Dragonz Casino failed to keep a key control log despite a prior warning, in violation of WAC 230-15-645. The licensee did not disclose the prop players, who were not on payroll or licensed with the Gambling Commission, in violation of WAC 230-15-158. Lucky Dragonz Casino failed to complete a PSJ Accrual Record, in violation WAC 230-15-190. In addition, the licensee failed to follow the Internal Controls for soft count, in violation of WAC 230-15-425. Mr. Luu had signed cashier's cage records as the cage cashier for days when he was not present, in violation of WAC 230-15-750. Mr. Luu stated that no one had been in surveillance to monitor soft count, in violation of WAC 230-15-320. Lucky Dragonz Casino was previously warned about maintaining accurate key control logs, and has demonstrated willful disregard for complying with administrative rules. Therefore, grounds exist to suspend or revoke Lucky Dragonz Casino's licenses under RCW 9.46.075(1) and WAC 230-03-085(1) and (3).

² (4) Ensure that any time a winning wager, a jackpot, or bonus pay out greater than three thousand dollars is won, they use pan-tilt-zoom (PTZ) cameras to verify: (a) Winning hands; and (b) Amounts of the wager; and (c) Amounts of the pay out; and (d) Players who won the prize.

