

STATE OF WASHINGTON  
GAMBLING COMMISSION

In the Matter of the Revocation of the )  
License to Conduct Gambling Activities of: )  
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)  
North Shore Pub, )  
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)  
)  
Licensee. )  
\_\_\_\_\_)

No. CR 2008-00692

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

RICK DAY alleges as follows:

I.

He is the Director of the Washington State Gambling Commission and makes these charges in his official capacity.

II.

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

III.

The Washington State Gambling Commission issued North Shore Pub, organization number 00-20426, located at 18017 68th Avenue, Kenmore, the following license:

Number 05-20426, Authorizing Class "C" Punchboard/Pull-Tab Activity.

The license, which expires on June 30, 2009, was issued subject to the licensee's compliance with state gambling laws and regulations.

IV.

**SUMMARY:**

North Shore Pub obtained a license by fraud, misrepresentation and concealment. The licensee failed to disclose an owner/substantial interest holder with a 1998 conviction for bank fraud. The licensee also failed to disclose at least \$21,500 in loans received from the undisclosed owner/substantial interest holder, and failed to disclose changes in management.

**FACTS:**

- 1) The licensee received a punchboard/pull-tab license in August 2006. The licensee listed Mee Chong Collins as the owner and president of North Shore Pub, and listed Crista Steepy as its manager in its license application.
- 2) A Commission Special Agent (agent) began an investigation on April 14, 2008 after receiving information from another agent about a possible hidden ownership case involving Terrance (Terry) James Suzuki and the licensee.
- 3) Terry Suzuki was convicted of federal bank fraud in 1998. According to court documents, Mr. Suzuki pled guilty to one count of bank fraud, a class B felony (18 USC 1344) in February 1998. The conviction resulted from the following conduct: "Whoever knowingly executes or attempts to execute a scheme or artifice: (1) to defraud a financial institution; or (2) to obtain any of the moneys, funds, credits, assets, securities, or other property owned by, or under the custody or control of, a financial institution, by means of false or fraudulent pretenses, representations, or promises." 18 USC 1344.
- 4) Previously, Terry Suzuki was also involved with another punchboard/pull-tab licensee (Jazzbones, Oak Harbor), and the following occurred:
  - a) In 2007, Terry Suzuki's spouse, Lisa Suzuki, applied for a gambling license for a business solely owner by her, called PW Murphy's Bar and Grill, located in Oak Harbor.
  - b) A Financial Investigations Unit (FIU) agent requested information on Terry Suzuki because Mrs. Suzuki named him on some of the bank accounts she listed on her application.
  - c) Mrs. Suzuki withdrew her application after the FIU agent asked for Mr. Suzuki's information.
  - d) Mrs. Suzuki sold PW Murphy's Bar and Grill to PW Venture, Inc. Susan Kim, Terry Suzuki's sister-in-law, was the president of PW Venture. PW Venture received a punchboard/pull-tab license and began doing business as Jazzbones in May 2007.
  - e) An agent began an investigation of Terry Suzuki's interest in Jazzbones in March 2008.
  - f) Jazzbones stopped operating punchboard/pull-tabs in September 2008, even though its license does not expire until March 31, 2009.
- 5) Matthew Patton was the bookkeeper for several punchboard/pull-tab licensees, including the licensee, North Shore Pub, Jazzbones and Poppa's Pub. Other agents also completed investigations on the other licensees (Jazzbones, Oak Harbor and Poppa's Pub, Kent) that involved Terry Suzuki.

- 6) Agents met with Matthew Patton on April 14, 2008. Mr. Patton said the following:
- a) Terry Suzuki was his direct supervisor.
  - b) Scott Yoder, the licensee's manager, reported to him (Mr. Patton).
  - c) Terry and Lisa Suzuki reported to Mee Chong Collins, the owner.
  - d) When necessary, the owners of seven businesses transferred funds between the businesses. He believed the seven businesses that shared funds were: (1) North Shore Pub (the licensee), (2) Jazzbones, Oak Harbor, (licensed but currently not operating gambling) (3) Poppa's Pub, Kent (licensed), and four business without gambling licenses, (4) Jazzbones, Tacoma, (5) Fire Creek Grill, Kent, (6) Red Bicycle, Vashon and (7) The Crystol (unknown location).
  - e) He maintained financial data for each licensee on Quick Books software.
  - f) In January 2008, someone stole his laptop computer where he stored the financial data for the licensee from his car. The theft was why much of the licensee's financial information was missing for the time between December 12, 2006 and January 2008. He reported the theft to the Snohomish County Sheriff's office.
  - g) He had supporting documentation for the data he had entered into Quick Books in storage.
  - h) He bought a new laptop in March 2008 and tried to replace the information in Quick Books using the licensee's old profit and loss information. He got some information but he could not get details such as every check or every daily report that the agent needed for his review. That was why the licensee's records were unorganized and Quick Books lacked the detailed information that staff needed for its review.
- 7) On April 17, 2008, agents met again with Matthew Patton to retrieve copies of financial records. A second agent spoke with Terry Suzuki on the phone while the agent met with Matthew Patton. Mr. Suzuki told the second agent the following:
- a) Mr. Patton reported directly to him.
  - b) He would get copies of canceled checks to the agents in about seven to ten days.
  - c) The licensee's owner, Mee Chong Collins, was his sister, but not through blood relations.
  - d) Ms. Collins was in Anchorage and had cancer so he was helping her out with the North Shore Pub.

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- 8) During the meeting with Matthew Patton on April 17, 2008, Mr. Patton told agents that Terry Suzuki signed all the checks for the licensee, including payroll checks. He said Terry Suzuki had an office in Tukwila that prepared some of the records for the licensee, including receipt and reconciliation of bank statements. Mr. Patton also said Sam Dakroury, an employee in the Tukwila office, reconciled the bank statements.
- 9) On May 12, 2008, the agent reviewed the licensee's bank account signature card. The signature card was dated August 29, 2006 and listed Mee Chong Collins and Terry J. Suzuki as "owners and key individuals."
- 10) On July 24, 2008, agents interviewed Matthew Patton again. Mr. Patton said the following:
  - a) Terry Suzuki was only a manager of North Shore Pub.
  - b) Mee Chong Collins was the owner, not Terry Suzuki.
  - c) He last saw Ms. Collins about one year ago.
  - d) Terry Suzuki paid him a salary in cash twice a month.
- 11) On July 24, 2008, agents also interviewed Deborah Suchy, one of the licensee's managers. Ms. Suchy said the following:
  - a) Terry Suzuki owned the North Shore Pub.
  - b) Matthew Patton told her Terry Suzuki was the owner.
  - c) She reported to Mr. Patton.
  - d) Her supervisor (Mr. Patton) "does daily's" (counts daily revenue).
  - e) Her supervisor (Mr. Patton) reports to Terry Suzuki.
  - f) The lines of authority were as follows: Terry, Matt, herself.
- 12) On July 31, 2008, Terry Suzuki came to the Gambling Commission's Everett Regional Office to meet with agents. Mr. Suzuki said the following:
  - a) He does not have any ownership in the licensee's business or in Jazzbones.
  - b) Mee Chong Collins is the licensee's owner.
  - c) He is close to Ms. Collins and refers to her as his sister although they are not related.
  - d) When Ms. Collins was interested in buying a bar or tavern, he found the North Shore Pub for her.

- e) Ms. Collins intended to move from Anchorage to Seattle and planned to operate the North Shore Pub, but she became sick with cancer so she remained in Anchorage.
- f) He visited the licensee's premises less than a dozen times in the past two years, "not because I don't have any financial interest, I have my other, you know, I have my primary responsibility—I work for Remax."
- g) He could not obtain copies of checks from the bank and that Ms. Collins, the licensee's owner, needed to get copies of checks.
- h) He did not want to call Ms. Collins when the licensee needed funds. He "injected" his personal funds into the business. If he had not deposited his own funds into the North Shore Pub, the licensee would have bounced checks.
- i) North Shore Pub is for sale.
- j) The licensee has been losing about \$2,000 to \$4,000 every month.
- k) He and Ms. Collins have had to put \$2,000 to \$4,000 of their own funds into the North Shore Pub each month.
- l) The licensee has been losing money for about a year.
- m) He paid Matthew Patton from his own management company, called SM Management.
- n) The licensee lost about \$5,000, including Mr. Patton's salary, some months.
- o) He checked the licensee's bank account everyday to see whether the licensee needed him to deposit his personal funds to cover expenses.
- p) He estimated that he deposited \$25,000 to \$30,000 into the licensee's business in the past year.
- q) He electronically transferred funds from his personal account into the licensee's account, and keeps track of the transfers.
- r) When the licensee has enough funds to pay him back, he electronically transfers funds from the licensee's account back into his personal account.
- s) The licensee has reimbursed him for about half of what it owes him.
- t) He feels morally responsible to help Ms. Collins financially because he encouraged her to invest in businesses in Washington.
- u) Providing financial support to the licensee causes him and his wife stress.

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- v) He heard that he was ineligible to hold a gambling license and wanted to come clean about his past.
  - w) He contributed \$100,000 for a down payment for the purchase of the building for Poppa's Pub (a punchboard/pull-tab licensee). He gave Roger Morse, the seller of the building, a personal guarantee.
  - x) During the gambling license application process for Poppa's Pub in September 2007, an FIU agent explained that because he provided a personal guarantee he had to qualify for a gambling license. He told the FIU agent about the 1998 bank fraud charge, and the FIU agent told him he could be involved in the operation of Poppa's Pub because of the amount of time that had passed since the conviction, and that the Commission would "waive it" for him.
  - y) His bank fraud conviction involved irregular premium financing, and no financial harm occurred. He was CEO of an insurance agency in Los Angeles from 1989 to 1993 and it closed down because of the Los Angeles riots, and not because of the criminal charges brought against him and some of the officers of the company. There were numerous charges and he admitted guilt to one count of bank fraud in 1998. No one lost any money because they were protected by the FDIC. He did not spend any time in jail and did not pay any fines.
  - z) He is a commercial real estate agent and often gets into situations where the seller feels more comfortable with him because he understands the industry. Sellers sometimes asked, "Can I have that guy over there (himself) as a financial guarantee?" "Sometimes that guarantee becomes pivotal to whether you get the deal or not." He does not like to sign financial guarantee for all of his deals, but sometimes he feels that he is morally obligated to both the seller and the buyer and wants to make sure all of his buyers do well. He often feels buyers need more than just two weeks of training before the buyer can operate the business.
- aa) The licensee owes him between \$15,000 and \$20,000.
- bb) He did not think he gave more than \$10,000 to the licensee in 2007 or 2008.
- 13) After the agent's interview with Terry Suzuki, the agent spoke with the FIU agent named by Mr. Suzuki. The FIU agent said she did not speak with Mr. Suzuki about his felony conviction and did not tell Mr. Suzuki she could "waive it," for him. The FIU agent said a different FIU agent worked on Poppa's Pub's application, and that FIU agent said he did not talk to Terry Suzuki about his felony conviction.
- 14) On August 20, 2008, Terry Suzuki came to the Gambling Commission's Everett Regional Office again and met with the agent. He showed the agent a copy of an Internal Revenue Service form 1099 showing that Matthew Patton received "nonemployee compensation" totaling \$24,000, from the licensee in 2007. He also told the agent that he was not paid for his services to the licensee.

- 15) The agent reviewed 348 canceled checks from the licensee's operating account dated between July 27, 2007, and March 27, 2008. The agent compared the signatures on the checks to Terry Suzuki's signature on the licensee's bank signature card. 253 of the 348 checks had signatures resembling Terry Suzuki's signature. All but one of the remaining 82 signatures was illegible. None of the signatures on the checks appeared to match Mee Chong Collins' signature. The agent compared the 348 checks to the licensee's bank statements, check register and general ledger. There were 149 checks that were not recorded in the general ledger, and 28 checks that were not recorded in the check register.
- 16) The agent reviewed the licensee's payroll records dated between October 2007 and March 2008. Matthew Patton told the agent that Terry Suzuki signed the payroll checks. Upon comparison, the signatures on the payroll checks appeared to match Terry Suzuki's signature.
- 17) The agent reviewed the licensee's bank statements and check register dated between March 2007 and March 2008. He found the following:
  - a) At least eight online transfers totaling \$12,100 were not recorded in the licensee's check register or general ledger.
  - b) Checks and deposits listed on the licensee's bank statements were not recorded in the check register.
  - c) There were seven withdrawals from the licensee's account totaling \$11,500, which were deposited into Terry Suzuki's personal account.
  - d) There were 55 online deposits into the licensee's account totaling \$63,150. None of these deposits were recorded in the licensee's check register or general ledger.
  - e) The agent compared the licensee's records with Terry Suzuki's personal bank statements. There were 20 separate deposits into the licensee's account, which came from Terry's Suzuki's personal account. The agent created a chart of the deposits into the licensee's account, which came from Terry Suzuki's personal account between March and July 2007, totaling \$21,500.
- 18) The agent reviewed the licensee's general ledger between September 1, 2006 and March 31, 2008. The general ledger was incomplete. Matthew Patton told the agent the general ledger was incomplete because of his stolen laptop computer.
- 19) Terry Suzuki's and Matthew Patton's statements to the agent were inconsistent, and the licensee's financial records were incomplete. The licensee did not notify Commission staff that there had been any change in managers, from Crista Steepy, to Scott Yoder, to Deborah Suchy, to Matthew Patton and to Terry Suzuki. The agent did not speak with Mee Chong Collins.

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**VIOLATIONS:**

1) RCW 9.46.075(1),(3),(7), and (8) provides the Commission may 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 licensee, or any person with any interest therein:

(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, 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;

(3) Has obtained a license or permit by fraud, misrepresentation, or concealment;

(7) Makes a misrepresentation of, or fails to disclose, a material fact to the Commission;

(8) Fails to prove, by clear and convincing evidence, that it is qualified in accordance with the provisions of this chapter. RCW 9.46.153(1) provides that it shall be the affirmative responsibility of each 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 licensee, North Shore Pub, violated gambling laws and Commission rules by failing to disclose that Terry Suzuki had an interest in the licensee, that Mr. Suzuki loaned the licensee at least \$21,500 between March and July 2007, and that it had changed its managers. The licensee obtained a licensee by fraud, misrepresentation, or concealment by failing to disclose that Terry Suzuki had an interest in the business. The licensee has failed to establish by clear and convincing evidence that it is qualified to hold a license, as required by RCW 9.46.153(1). Grounds exist to revoke North Shore Pub’s license based on RCW 9.46.075 (1), (3), (7) and (8).

2) RCW 9.46.170 provides that whoever, in any application for a license or in any book or record required to be maintained by the Commission or in any report required to be submitted to the Commission, shall make any false or misleading statement, shall be guilty of a gross misdemeanor subject to the penalty set forth in RCW 9A20.021.

3) WAC 230-03-045(1) “Substantial interest holder” means a person who has actual or potential influence over the management or operation of any organization, association, or other business entity. (2) Evidence of substantial interest may include, but is not limited to: (a) Directly or indirectly owning, operating, managing, or controlling an entity or any part of an entity; or (b) Directly or indirectly profiting from an entity or assuming liability for debts or expenditures of the entity.

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The licensee made false or misleading statements on its license application by failing to disclose that Terry Suzuki had a substantial interest in the licensee. The agent created a chart of the deposits into the licensee's account, which came from Terry Suzuki's personal account between March and July 2007, totaling \$21,500. Other evidence of Mr. Suzuki's substantial interest came from Mr. Suzuki's statements:

- a) Mr. Suzuki admitted to "injecting" his own funds into the licensee's business so that the licensee would not bounce checks.
- b) He checked the licensee's bank account everyday to see whether the licensee needed him to deposit his personal funds to cover expenses.
- c) He estimated that he deposited \$25,000 to \$30,000 into the licensee's business in the past year.
- d) He electronically transferred funds from his personal account into the licensee's account, and kept track of the transfers.
- e) When the licensee had enough funds to pay him back, he electronically transferred funds from the licensee's account back into his personal account.
- f) The licensee has reimbursed him for about half of what it owed him.
- g) He felt morally responsible to help Ms. Collins financially because he encouraged her to invest in businesses in Washington.
- h) Providing financial support to the licensee caused him and his wife stress.
- i) He heard that he was ineligible to hold a gambling license and wanted to come clean about his past.

The licensee failed to disclose that Mr. Suzuki directly or indirectly owned, operated, managed, or controlled the North Shore Pub, and that Mr. Suzuki directly or indirectly profited from the North Shore Pub and assumed liability for debts or expenditures of North Shore Pub. This conduct violated RCW 9.46.170. Grounds exist to revoke North Shore Pub's license based on RCW 9.46.075 (1), (3), (7) and (8).

4) RCW 9.46.158(1) provides that no applicant for a license from, nor licensee of, the Commission, nor any operator of any gambling activity, shall, without advance approval of the Commission, knowingly permit any person to participate in the management or operation of any activity for which a license from the Commission is required or which is otherwise authorized by this chapter if that person: Has been convicted of, or forfeited bond upon a charge of, or pleaded guilty to, forgery, larceny, extortion, conspiracy to defraud, willful failure to make required payments or reports to a governmental agency at any level, or filing false reports therewith, or of any similar offense or offenses.

The licensee did not obtain advance approval from the Commission before knowingly permitting Terry Suzuki to participate in the management or operation of the North Shore Pub. Terry Suzuki was convicted of federal bank fraud, a class B felony, in 1998. This conduct violated RCW 9.46.158(1) and grounds exist to revoke North Shore Pub's license based on RCW 9.46.075 (1), (3), (7) and (8).

5) WAC 230-03-085(1) and (8) provides that the Commission may revoke any license or permit when the licensee, or anyone holding a substantial interest in the licensee's business or organization:

(1) Commits any act that constitutes grounds for revoking licenses or permits under RCW 9.46.075; or

(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 gaming activities, as demonstrated through the person's prior activities, criminal record, reputation, habits, or associations.

The licensee violated gambling laws and Commission rules regarding disclosure of all persons holding an interest in the operation or management of its business. The licensee also 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 gaming activities, as demonstrated through the licensee's association with Terry Suzuki. Grounds exist to revoke North Shore Pub's license based on 9.46.075 (1), (3), (7) and (8), and WAC 230-03-085(1) and (8).

6) WAC 230-06-080(1) and (2) provides:

(1) Licensees must notify us in writing if any information filed with the application changes in any way within thirty days of the change.

(2) Licensees must submit to us any new or updated documents and information, including the following: (b) All oral or written contracts and agreements which relate to gambling activities or alter the organizational structure of the licensee's organization or business activities in Washington; and (c) All cash or asset contributions, draws from lines of credit, and loans (except those from recognized financial institutions) during any calendar year which by themselves or totaled together are more than ten thousand dollars. Cash or asset contributions do not include donations to licensed charitable or nonprofit organizations.

The licensee failed to disclose that Terry Suzuki was an owner or substantial interest holder and that Mr. Suzuki had loaned the licensee at least \$21,500 during a calendar year. The licensee also failed to notify the Commission of the change in management, from Crista Steepy to Scott Yoder, to Deborah Suchy. The licensee also failed to disclose the management by Matthew Patton and Terry Suzuki. Grounds exist to revoke North Shore Pub's license based on RCW 9.46.075(1), (3), (7) and (8), and WAC 230-03-085(1) and (8).

V.

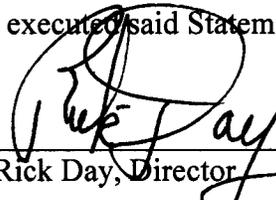
The charges specified in paragraph IV above constitute grounds for revoking the gambling license issued to the North Shore Pub under RCW 9.46.075 and WAC 230-03-085.

VI.

The licensee shall have the opportunity to have an Adjudicative Proceeding, which includes a hearing on the alleged violations. In order to begin an Adjudicative Proceeding, the enclosed APPLICATION FOR ADJUDICATIVE PROCEEDING AND 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 mailing of this notice. Failure to return this document will result in the entry of a DEFAULT ORDER pursuant to RCW 34.05.440 and WAC 230-17-010, the imposition of the penalty set out above (REVOCATION OF YOUR LICENSE) or one of lesser degree and shall constitute a waiver of any further rights to a hearing or review in this matter.

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF THURSTON )

Rick Day, being first duly sworn on oath, deposes and says: That he has read the foregoing Notice of Administrative Charges and Opportunity for Adjudicative Proceeding, knows the contents thereof, and believes the same to be true, and that he is the Director of the Washington State Gambling Commission and in that capacity has executed said Statement of Charges.

  
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Rick Day, Director

STATE OF WASHINGTON )  
 ) ss  
COUNTY OF THURSTON )

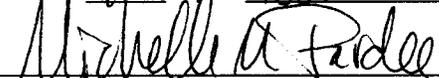
I hereby certify that I have this day served a copy of the document upon all parties of record in the proceeding by mailing a copy thereof, properly addressed with postage prepaid, by regular and certified mail to each party to the proceeding or his or her attorney or authorized agent.

Dated at Olympia, Washington this 10<sup>th</sup> day of November, 2008

Communications and Legal Department  
Washington State Gambling Commission



SUBSCRIBED AND SWORN TO before me this 7<sup>th</sup> day of November, 2008.

  
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NOTARY PUBLIC in and for the State of

Washington residing at: Lacey

