

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Suspension or Revocation of)
the Licenses to Conduct Gambling Activities of:)
) No. CR 2010-00216
M&R Euroimport,)
d/b/a Classic Island Casino) **NOTICE OF ADMINISTRATIVE**
Kennewick, Washington,) **CHARGES AND OPPORTUNITY**
) **FOR A HEARING**
Licensee.)
_____)

I.

The Washington State Gambling Commission issued M&R Euroimport, d/b/a Classic Island Casino, organization number 00-18364, the following licenses:

- Number 05-09990, Authorizing Class "C" Punchboard/Pull-Tab Activity, and
- Number 67-00171, Authorizing Class "15" House-Banked Card Room Activity.

The licenses expire on June 30, 2010, and were issued subject to the licensee's compliance with state gambling laws and regulations.

II.

Rick Day, Director of the Washington State Gambling Commission, charges the licensees with the following violations of the Washington State Gambling Act, 9.46 RCW, and WAC Title 230:

- 1) James and Regina Bakunowicz are the sole owners and the operators of M&R Euroimport, d/b/a Classic Island Casino in Kennewick.
- 2) In October 2009, the City of Kennewick informed Commission staff, in writing, that M&R Euroimport, d/b/a Classic Island Casino had not paid its local gambling taxes. On October 8, 2009, and on December 2, 2009, Commission staff sent James Bakunowicz letters, notifying him that failure to pay local gambling taxes could result in the suspension or revocation of Classic Island Casino's gambling licenses.
- 3) In November 2009, the City of Kennewick and Classic Island Casino discussed a proposed payment plan for the delinquent taxes. However, the parties were unable to reach an agreement.
- 4) In January 2009, the City of Kennewick filed a Complaint for Collection of Delinquent Gambling Taxes against M&R Euroimport, d/b/a Classic Island Casino in Benton County Superior Court. In the Complaint, the City of Kennewick states that no payments for gambling taxes have been made by M&R Euroimport, d/b/a Classic Island Casino since November 10, 2009.

5) On February 8, 2010, Commission staff received a petition from the City of Kennewick which asked for the suspension or revocation of M&R Euroimport, d/b/a Classic Island Casino's gambling licenses because it had not paid its local gambling taxes and owed the city approximately \$221,071 for the first, second, and third quarters of 2009. Additionally, M&R Euroimport, d/b/a Classic Island Casino failed to pay its fourth quarter of 2009 gambling taxes.

6) On March 10, 2010, a Commission Special Agent spoke by telephone to Lisa Beaton, City Attorney for the City of Kennewick, and was told that Mr. Bakunowicz has not made any recent payments for gambling taxes owed by Classic Island Casino.

7) James and Regina Bakunowicz, owners and operators of Classic Island Casino, failed to pay required gambling taxes to the City of Kennewick since the first quarter of 2009, totaling over \$221,071 in delinquent taxes. Mr. and Mrs. Bakunowicz's failure to pay gambling taxes shows willful disregard for local ordinances.

8) The following repeated violations of Classic Island Casino demonstrate willful disregard for administrative rules:

CLASSIC ISLAND CASINO		
Date	Violation	Outcome
May 2005	<ul style="list-style-type: none"> • Player Supported Jackpot violations. (2005-01025) 	<ul style="list-style-type: none"> • Warning letter.
August 2005	<ul style="list-style-type: none"> • Failure to timely submit compiled financial statements. (2005-01508) 	<ul style="list-style-type: none"> • Charges issued. • 15-day suspension, with 13 days deferred, and two days vacated by a \$1,382 fine.
December 2006	<ul style="list-style-type: none"> • Secure the cashier's tip box. • Complete triplicate accounting forms. • Maintain cashier cage funds at imprest levels. (2007-00034) 	<ul style="list-style-type: none"> • Verbal warning.
February 2007	<ul style="list-style-type: none"> • Failure to maintain accurate gambling records.(2007-00249) 	<ul style="list-style-type: none"> • NOVAS issued. • \$300 fine paid.
July 2007	<ul style="list-style-type: none"> • Failure to report cheating incidents. (2007-01016) 	<ul style="list-style-type: none"> • NOVAS issued. • \$300 fine paid.
July 2007	<ul style="list-style-type: none"> • Failure to timely submit reviewed financial statements. (2007-01160) 	<ul style="list-style-type: none"> • Charges issued. • 20-day suspension, with 16 days deferred, and four days vacated by a \$15,677 fine.
December 2007	<ul style="list-style-type: none"> • Failure to record and report suspected illegal activities. (2007-01983) 	<ul style="list-style-type: none"> • Charges issued. • 20-day suspension, with 15 days deferred, and five days vacated by \$25,120 fine.

CLASSIC ISLAND CASINO		
Date	Violation	Outcome
March 2009	<ul style="list-style-type: none"> Late Quarterly Activity Report. (2009-01223) 	<ul style="list-style-type: none"> Verbal warning.
August 2009	<ul style="list-style-type: none"> Late Quarterly Activity Report. (2009-01491) 	<ul style="list-style-type: none"> Notice of Infraction.
August 2009	<ul style="list-style-type: none"> Late Quarterly Activity Report. (2009-01221) 	<ul style="list-style-type: none"> NOVAS issued. \$300 fine paid.
September 2009	<ul style="list-style-type: none"> Failure to have two card room employees on duty when collecting the rake. (2009-01491) 	<ul style="list-style-type: none"> Notice of Infraction.
November 2009	<ul style="list-style-type: none"> Failure to notify within ten days of employee termination. (2009-01673) 	<ul style="list-style-type: none"> NOVAS issued. \$300 fine paid.

9) Previously on July 11, 2008, James Bakunowicz entered into a Settlement Order to resolve administrative charges against Classic Island Casino for failure to record and report unusual or suspected illegal activity and failure to provide Commission staff or law enforcement with a recording of an alleged assault. (CR 2007-01983)

10) In the Settlement Order, Mr. Bakunowicz agreed to a twenty-day suspension, with fifteen days deferred for one year, subject to Classic Island Casino not violating any gambling statutes or regulations during the one year period (July 2008 through July 2009). If the violation warranted administrative or criminal charges, the Director may impose the fifteen-day suspension.

11) James Bakunowicz, owner and operator of Classic Island Casino, violated the July 11, 2008, Settlement Order when he failed to pay gambling taxes to the City of Kennewick for the first and second quarters of 2009 (January through July 2009) in violation of WAC 230-03-085(3) and (4). Grounds, therefore, exist to impose the fifteen-day suspension deferred in the July 2008 settlement order on Classic Island Casino.

12) Therefore, under RCW 9.46.075(1) and WAC 230-03-085(1), (3), and (4) grounds exist to suspend or revoke the licenses issued to M&R Euroimport, d/b/a Classic Island Casino.

RCW 9.46.075 Denying, suspending, or revoking an application, license 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.

WAC 230-03-085 Denying, suspending, or revoking an 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.
- (4) Has failed to pay gambling taxes to local taxing authorities and the local taxing authority has petitioned us to take action.

III.

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

You will have the opportunity to have a hearing on the alleged violations.

In order to have a hearing or discuss settlement options, the enclosed REQUEST FOR HEARING must be COMPLETED AND RETURNED to the Gambling Commission *within 23 days* from the date of the mailing of this notice.

Based on RCW 34.05.440, failure to return this document will result in the entry of a default order REVOKING your licenses.

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.

Rick Day

 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 29th day of March, 2010

Maura Pratt

 Communications and Legal Department
 Washington State Gambling Commission

SUBSCRIBED AND SWORN TO before me this 29 day of March, 2010.

Michelle M. Pardee

 NOTARY PUBLIC in and for the State of
 Washington, Commission Expires on June 16, 2013
 Witnessing at: Lacey



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