



- Failed to keep complete records of all gambling related transactions.
- Failed to follow its card room internal controls.

## FACTS:

1) The licensee, 17001, Inc., doing business as Parker's Sports Bar & Casino (Parker's) is owned by Slam Dunk Entertainment. Geordie Sze owns Slam Dunk Entertainment. In October 2009, Mr. Sze and Tim Iszley, who owned Seven Diamonds, entered into a purchase and sale agreement for the sale of Parker's to Seven Diamonds.

2) During the pending sale of Parker's, and the application by the buyer, Seven Diamonds, for a house-banked card room license, Commission Special Agents (agents) from the Financial Investigations Unit (FIU) found that Seven Diamonds failed to timely disclose several changes to its application, and failed to disclose the material fact of Seven Diamonds' status as a (unauthorized) substantial interest holder of Parker's. As a result of these violations, the following occurred:

- a) The Commission administratively charged<sup>1</sup> the licensee, Parker's; with failure to timely disclose the material fact of a new substantial interest holder. While the administrative charges were pending, the licensee also failed to timely submit its financial statement for 2009; therefore, charges were amended to include the additional violation.
- b) Meanwhile, the licensee had additional pending administrative charges<sup>2</sup> for violating player-supported jackpot rules, and for violating a prior Settlement Order<sup>3</sup> (based on the licensee's prior violation of surveillance rules related to player-supported jackpot payouts).
- c) The licensee agreed to settle both sets of administrative charges by serving a 13-day suspension, deferring 12 days for one year, and vacating the remaining three-day suspension by paying a \$9,522 fine. Additionally, the licensee served one day of its deferred suspension for violating the prior Settlement Order.
- d) Seven Diamonds, the buyer, entered into a Settlement in Lieu of Charges to resolve administrative charges that were pending, but not issued, for failing to disclose its change in status from buyer to (unauthorized) substantial interest holder. Seven Diamonds agreed to serve a 15-day suspension upon licensure, with 10 days deferred for one year, and to vacate the remaining five days by paying a \$7,509 fine.

3) Seven Diamonds never received a license, because in September 2010, it withdrew its application for a house-banked card room license and withdrew from the purchase and sale agreement to buy Parker's. However, before Seven Diamonds withdrew its application, an agent from the Field Operations Division (FOD) conducted a pre-operational review and evaluation

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<sup>1</sup> CR 2010-00789.

<sup>2</sup> CR 2010-00460.

<sup>3</sup> CR 2008-02024.

(PORE), beginning in June 2010. During this PORE, the FOD agent found the licensee had violated additional rules and laws; these violations were not alleged in the administrative charges, CR 2010-00789, issued against the licensee, because at the time, the FOD agent had not completed his investigation of Parker's.

**Facts Supporting Unlicensed Service Supplier and Card Room Employee Activity, the Undisclosed and Unauthorized Substantial Interest Holder, and Knowingly Causing Others to Violate Laws and Rules**

4) The licensee allowed Rick Faoro to conduct unlicensed service supplier activity at its card room during the licensee's pending sale to Seven Diamonds. In addition, the licensee failed to disclose Mr. Faoro's substantial interest in, and management of its card room. The licensee also caused others to violate gambling laws and rules when it directed, through Rick Faoro, its Accounting Manager to code an unlicensed card room employee as maintenance for payroll purposes. Agents found the following:

- a) The FOD agent observed Rick Faoro on-site at the licensee's premises at least two to three times a week during the PORE of the licensee's buyer at the time, Seven Diamonds.
- b) Rick Faoro was not listed in the management structure of the licensee's internal control documents.
- c) Although Rick Faoro was a licensed card room employee, the licensee did not have any payroll records establishing that it had ever paid Mr. Faoro for performing card room employee duties. The only record showing that the licensee had paid Mr. Faoro was a copy of a \$3,003 check written in August 2010. Mark Jones, the licensee's Finance Manager, explained the \$3,003 check was paid to reimburse Mr. Faoro for 780 miles of travel per month over a seven-month period. Mr. Jones said the 780 miles represented about three trips per week to the licensee's premises by Mr. Faoro.
- d) Rick Faoro told the FOD agent that as a card room employee for the licensee, "I played poker three days a week; that's all I did." But Mr. Faoro added, "I was linked there [at Parker's] so I could go everywhere and do anything." Mr. Faoro said he did enter the licensee's cage "one time because there was a Sonoma<sup>4</sup> problem." The agent reviewed the licensee's internal controls and found Mr. Faoro was not authorized to enter the cage.
- e) The licensee relied on Rick Faoro to provide answers about the operation of the card room and its use of "propositional players."<sup>5</sup> The agent asked Michael McCarthy, the licensee's then-General Manager, about the use of "propositional players." Mr. McCarthy said he wasn't aware that the licensee used "propositional players." But, he said he could, "ask Rick because he'd know." Several minutes later, Mr. Faoro greeted the agent and said, "We don't use prop players; never have."

<sup>4</sup> Sonoma is a player tracking system used by the licensee.

<sup>5</sup> Propositional players, "prop players," "skills" or "game starters," are card room employees who are paid to assist in starting and/or maintaining poker games and who use their own funds while playing in poker games. They are required to be licensed.

- f) Despite Mr. Faoro's assertion that the licensee never used "propositional players," the FOD agent found the licensee had a document titled "Propositional Players" in its internal controls. The agent also reviewed completed versions of these forms containing dates between February 4 and February 28, 2010, and April 8, 2010. The forms contained the names of card room employees, Qiang Li, Nghi Nguyen and Steven Keyes, start and end times (generally covering eight hour periods), win/loss amounts, and signatures.
- g) On July 27, 2010, the FOD agent interviewed Craig Schweigert, a former General Manager for the licensee. Mr. Schweigert said the licensee definitely paid someone to play poker, but he did not have any details about who that was, or whether the person was an unlicensed CRE (card room employee).
- h) Nancy Christopherson, the licensee's Accounting Manager, said Rick Faoro had ordered her to code a person named Sam Wright as "maintenance" for payroll purposes, despite the fact that Mr. Wright played poker at the licensee's as a "propositional player." Ms. Christopherson said Mr. Wright never "clocks in; he's just cut a check." She said Mr. Wright was not a licensed card room employee, and she was not aware that "propositional players" needed to be licensed.
- i) Ms. Christopherson said Mr. Wright played poker "all the time." When she asked Mr. Faoro why she should code Mr. Wright as maintenance, Mr. Faoro replied, "Just do it."
- j) Mail Mai, another former General Manager for the licensee said, "Sam gets paid to play, but look at the [profit and loss]. He's maintenance." Mr. Mai said he was uncomfortable with the inaccurate label placed on Sam Wright, and he had asked other employees why Sam Wright was labeled "maintenance." Mr. Mai was told repeatedly to "ask Rick." When Mr. Mai finally did ask Rick Faoro about Sam Wright's status and role, Mr. Faoro did not respond.
- k) Steven Keyes, a former card room employee for the licensee, said Sam Wright was the licensee's "eye in the sky," and "a mole."<sup>6</sup> Mr. Keyes said, "Sam's paid to go around to different locations to see how things are going out there."
- l) The FOD agent received a voicemail message from Mark Jones, the licensee's Finance Manager. Mr. Jones said he had overheard a conversation about Sam Wright, which made him "curious about Sam, too," so he had called Rick Faoro. Mr. Faoro asked Mr. Jones to relay the following to the agent about Sam Wright: Mr. Wright "performs marketing research and quality control" for Parker's; he has 25 years in the bar business; and, he "does a little bit of maintenance, too." Mr. Jones concluded his message to the agent with an invitation from Rick Faoro to call Sam Wright on his cell phone if the agent had any additional questions. (The agent made several attempts to call Sam Wright and was unsuccessful.)

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<sup>6</sup> Slang for "propositional player."

- m) Scott Hildebrandt, the licensee's Director of Operations, told the agent that he did not know who Sam Wright was, but declared, "I'll take care of it." Mr. Hildebrandt told the agent that he had called Mark Jones, the licensee's Finance Manager, and had told Mr. Jones to remove Sam Wright from the payroll immediately.
- n) Between March 1 and December 22, 2010, the licensee paid Sam Wright about \$20,000 as a maintenance employee, when Mr. Wright was an unlicensed "propositional player" for the licensee.
- o) Although Rick Faoro was not disclosed as a manager, owner or substantial interest holder, but licensed merely as a card room employee, Mike McCarthy, former General Manager, notified Rick Faoro of his resignation. Mr. McCarthy e-mailed the agent that he had "advised Rick last week that I was done," and that "this has been a very unpleasant experience working with them and I am moving on."
- p) Nancy Christopherson, the licensee's Accounting Manager said, "I do whatever Rick tells me to do." Ms. Christopherson said Mr. Faoro's role at the licensee's was "above the General Manager," and that Mr. Faoro was the "middle man" between the licensee and Tim Iszley.
- q) Craig Schweigert, a former General Manager for the licensee said that while serving as General Manager at Parker's, Rick Faoro was "at least the head of the poker room," and all poker managers reported to Mr. Faoro.
- r) Mail Mai, a former General Manager for the licensee, said Rick Faoro was Parker's "clandestine GM," who was used by Tim Iszley to be Mr. Iszley's "eyes and ears."
- s) During a meeting, Mr. Mai asked Tim Iszley who he (Mr. Mai) reported to, and Mr. Iszley said he reported to, and should direct all questions to Keven Baumann. However, when Mr. Mai contacted Mr. Baumann about an operational issue, Mr. Faoro told Mr. Mai, "You need to talk to me." Mr. Mai told Mr. Faoro that he had been instructed to report to Mr. Baumann, but Mr. Faoro replied that Mr. Mai must always report to him, and not to Mr. Baumann.
- t) Mr. Mai said the licensee held monthly or weekly management team meetings, and that Rick Faoro, Tim Iszley, Cory Coyle, and Keven Baumann usually attended. Mr. Mai was under the impression that Keven Baumann and Rick Faoro directly managed the card room. However, the licensee's internal control documents did not list Mr. Faoro or Mr. Baumann as managers, nor did the licensee notify Commission staff that Mr. Baumann or Mr. Faoro were substantial interest holders.
- u) Qiang Li, the licensee's poker supervisor, said that Rick Faoro gave Tim Iszley advice, served as Mr. Iszley's consultant, and "has a lot of pull."
- v) Mr. Li said Mr. Faoro advised the licensee's poker room staff, and, "if it's good advice, we take it; if it's not good, we don't listen." Mr. Li said that Mr. Faoro participates in

“budget counseling, including PSJ schemes.” Mr. Li added that once in a while, Mr. Faoro attended management meetings, “to get a general feeling of the games and the floor.”

- w) Steven Keyes, the licensee’s poker floor supervisor, who reported to Qiang Li, said Rick Faoro was Tim Iszley’s “right hand man.” Mr. Keyes said Mr. Faoro “acts like a manager, but nobody pays attention to him.” Mr. Keyes said Mr. Faoro influences Mr. Iszley, but has “no pull otherwise.” Mr. Keyes added that Mr. Faoro was a “consultant with [the licensee’s] jackpot payout system, and he discusses payouts for high hand schemes.”
- x) The FOD agent obtained written statements from Nancy Christopherson, Mail Mai, Craig Schweigert, Qiang Li, and Steven Keyes.

**Facts From Case Report 2010-01184 (involves investigation of Rick Faoro while he was licensed as a card room employee):**

- y) FOD agents interviewed Rick Faoro on October 6, 2010. Mr. Faoro said, “I was there [at Parker’s] on behalf of Tim Iszley, the buyer.” Mr. Faoro said he was Mr. Iszley’s advisor and attorney. “Anything I did, I did at the direction of Tim.” Mr. Faoro said he did not get paid for his services. When asked about a \$5,000 check paid to Mr. Faoro by Goldie’s Shoreline, a licensed card room owned by Tim Iszley, Mr. Faoro said it was for legal work at Epstein Noriega, d/b/a Goldie’s. Mr. Faoro invoked the attorney-client privilege and would not answer any more questions.
- z) Mr. Faoro said he did not have authority to hire or fire staff at the licensee’s, and that Sam Wright was “originally hired as maintenance;” however, “he [Sam Wright] did play poker.” Mr. Faoro said he merely suggested that the licensee hire Sam Wright because Mr. Faoro “knew him for 20 years and the guy needed a job.” Mr. Faoro denied that Mr. Wright was paid to play poker, and said, “Sam’s like a mystery shopper.” Mr. Faoro denied ordering the licensee’s accounting staff to code Sam Wright as maintenance for payroll purposes, and said anyone who said that was “incorrect.”
- aa) Although Mr. Faoro had previously told the FOD agent that the licensee never used “propositional players,” (see Fact #4e), Mr. Faoro now said the licensee had employed “propositional players.” In addition, Mr. Faoro stated that, “I played poker three days a week. That’s all I did.” These activities possibly made Mr. Faoro a “propositional player” for the licensee as well. Mr. Faoro said he never sold chips or served as a dealer at the licensee’s.
- bb) Mr. Faoro said he was aware that card rooms cannot pay unlicensed persons to play poker, and declared, “I would never do that.” When asked whether the licensee used any unlicensed poker players, Mr. Faoro said, “not that I know of.” Mr. Faoro said there were no unlicensed, paid poker players on the licensee’s payroll. Mr. Faoro invoked the attorney-client privilege when asked about Sam Wright, and the licensee’s card room employees, Qiang Li, Nghi Nguyen and Steven Keyes, who had been listed in the

licensee's forms as "propositional players." The agent later found there was no attorney-client privilege between Mr. Faoro and Steven Keyes. Mr. Keyes told the agent that Mr. Faoro never served as his attorney or that he ever sought legal advice from Mr. Faoro, telling the agent, "I've never needed legal representation for anything."

- cc) Mr. Faoro said that no one at the licensee's reported to him, and that "I do carry myself with great authority. I can see how people might get the wrong idea about my role." Mr. Faoro then said, "I did attend a few [management] meetings," and "offered suggestions for Monte Carlo and PSJ [player-supported jackpot] distributions."

**Facts Supporting Rick Faoro Conducting Unlicensed Service Supplier Activity and/or Holding Unauthorized Substantial Interest – From Case Report 2011-00606 (involves an investigation of Rick Faoro's suitability as a substantial interest and is part of the pending administrative charges filed against Card Room Management, Inc.):**

- dd) In response to FIU agents' inquiries related to the investigation into Rick Faoro's suitability as a substantial interest holder, Tim Iszley wrote a letter, dated January 21, 2011, stating, in part, the following:

i) "In 2009, Rick [Faoro] came along side me and assisted with contract and legal negotiations at Parker's Casino in the role of an attorney. He was also on the payroll of Goldie's, which I owned at the time, as a Card Room Employee. While he was working at Goldie's Shoreline Casino, Rick would visit Parker's often during the attempted acquisition. He did not get paid at Parker's but was linked as a Card Room Employee so the commission knew of his presence there so that he could make operational recommendations and not be in violation of commission rules for acting as an unlicensed service provider."

ii) "...Rick and I would meet and discuss what could be done at Parker's to improve operations. It was not like he reported to me as much as we simply discussed ideas. I would make suggestions, as would he, and we would discuss which might work and why. Afterward, he would go back and discuss these items with the employees at Parker's and many of them were implemented."

**Facts Supporting Extending Credit:**

5) The licensee repeatedly extended credit by cashing checks from patrons who had outstanding bad (insufficient funds) checks. Between March 3 and May 28, 2010, the licensee extended credit to players by accepting checks from players listed on its NSF (non-sufficient funds) list. The FOD agent found the following:

- a) The licensee cashed a \$200 check on March 13, 2010, for a player named Vimone Chindavone, without first collecting money for a previously returned \$300 check from the same player. The second check was also returned unpaid.

- b) The licensee cashed a \$200 check on April 3, 2010, for a player named Timothy Lee, without first collecting money for a previously returned \$200 check from the same player. The second check was also returned unpaid.
- c) The licensee cashed three checks for \$500, \$1,000, and \$500, on May 28, 2010, for a player named Jin Kim, without first collecting money for three previously returned checks for \$800 each, from the same player. The second set of checks was also returned unpaid.
- d) Although the licensee used a check cashing service, the licensee cashed checks without getting them approved through the check cashing service.

**Facts Supporting Failing to Keep Receipts and Disbursements Related to Gambling Activities:**

- 6) The licensee failed to keep complete records of all transactions relating to gambling expenses.<sup>7</sup> The FOD agent found the following paid-in and out slips from the cashier cage, where the licensee failed to specify who received the cash, or where the cash came from:
  - a) A paid-out slip for \$300, dated 02-04-10, failed to show who was paid. The reason listed on the slip was "supplies for dance floor area."
  - b) A paid-out slip for \$60, dated 02-04-10, failed to show who was paid. The reason listed on the slip was "[illegible] for dance floor area."
  - c) A paid-out slip for \$400, dated 02-05-10, failed to show who was paid. The reason listed on the slip was "casual labor (dance floor)."
  - d) A slip for \$50, dated 2-18-10, failed to show whether money was paid in or out, was made to "Poker Room," and the reason listed was "Casual Labor."
  - e) A paid-in slip for \$400, dated 2-26-10, was made to the "cage," for "casual labor." It is unclear where that money came from.
  - f) A paid-out slip for \$175, dated 2-26-10, was paid to an unknown person, and made out to "New Bartender." No reason was listed except "per Craig."
  - g) A paid-out slip for \$250, dated 2-26-10, did not show who was paid, and the reason listed was "casual labor/per Craig." Craig Schweigert, former General Manager, told the agent that the payment was associated with dance floor repairs. Mr. Schweigert assumed the money went to the licensee's maintenance manager.
  - h) A paid-out slip for \$100, dated 2-27-10, was paid to "Security" for "manual labor."

<sup>7</sup> A similar violation occurred at Silver Dollar Casino-Renton, while Rick Faoro was General Manager. Case report 2009-01423 resulted in a verbal warning for failure to keep records documenting disbursements of cash.

7) The licensee has the following administrative history of violations that are substantially the same, or similar to, the current violations alleged:

Case Report No.	Violation	Outcome
2010-00054	<ul style="list-style-type: none"> <li>Failed to ensure card room employees meet license requirements (allowed card room employee to work after license expired).</li> </ul>	Warning letter.
2009-01646	<ul style="list-style-type: none"> <li>Failed to report card room employees no longer working.</li> </ul>	Notice of Infraction. <sup>8</sup>
2008-01739	<ul style="list-style-type: none"> <li>Failed to ensure card room employees meet license requirements (allowed card room employee to work after license expired).</li> </ul>	Warning letter.
2007-00813	<ul style="list-style-type: none"> <li>Extension of credit.</li> </ul>	Warning letter.
2006-01620	<ul style="list-style-type: none"> <li>5 separate violations, including Geordie Sze, Parker's owner, failure to obtain service supplier license prior to providing a gambling related service at Parker's.</li> </ul>	Warning letter.

**VIOLATIONS:**

1) **RCW 9.46.075(1)** provides that the Commission may suspend or revoke any license for any reason it deems to be in the public interest, including when the licensee has violated, failed or refused to comply with the provisions, requirements, conditions, limitations, or duties imposed by Chapter 9.46 RCW or any rules adopted by the Commission.

2) **WAC 230-03-085(1)** provides that the Commission may suspend or revoke any and all licenses of any holder, when the holder, or any other person with any interest in the holder commits any act that constitutes grounds under RCW 9.46.075 for suspending or revoking licenses, or commits any other act that the Commission determines constitutes a sufficient reason in the public interest for suspending or revoking licenses.

<sup>8</sup> Special Agents may issue a Notice of Infraction, which is a written notice advising the licensee of a violation. It is often given after the licensee has been given the opportunity for compliance. There is no fine involved.

3) **RCW 9.46.075(8)** provides that the Commission may suspend or revoke any license for any reason it deems to be in the public interest, including when the licensee 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.

4) **WAC 230-03-085(3)** provides that the Commission may suspend or revoke any and all licenses of any holder, when the holder, or any other person with any interest in the holder has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level.

5) **WAC 230-03-085(8)** provides that the Commission may suspend or revoke any and all licenses of any holder, when the holder, or any other person with any interest in the holder, 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.

6) **RCW 9.46.160** provides that any person who conducts any activity for which a license is required by this chapter, or by rule of the Commission, without the required license issued by the Commission shall be guilty of a class B felony. If any corporation conducts any activity for which a license is required by this chapter, or by rule of the Commission, without the required license issued by the Commission, it may be punished by forfeiture of its corporate charter, in addition to the other penalties set forth in this section.

7) **RCW 9.46.180** provides that 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** provides that 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) **WAC 230-15-158** provides that card game licensees must not allow any person to perform the duties of a card room employee until they have met our licensing requirements.

The licensee allowed Sam Wright, an unlicensed person, to play poker as a "propositional player," violating **WAC 230-15-158**. In addition, the licensee, through Rick Faoro, directed its Accounting Manager to pay Mr. Wright wages that were coded as "maintenance." By directing its Accounting Manager to pay an unlicensed card room employee, the licensee knowingly caused others to violate **RCW 9.46.160** and **WAC 230-15-158**, which in turn, violated **RCW 9.46.180** and **RCW 9.46.185**.

The licensee received two prior warnings for violating card room employee licensing requirements (allowed card room employees to work after licenses expired). Grounds, therefore, exist to suspend or revoke Parker's licenses under **RCW 9.46.075(1) and (8)** and **WAC 230-03-085(1), (3) and (8)**.

10) **RCW 9.46.075(7)** provides that the Commission may suspend or revoke any license for any reason it deems to be in the public interest, including when the licensee makes a misrepresentation of, or fails to disclose, a material fact to the Commission.

11) **WAC 230-03-085(7)** provides that the Commission may suspend or revoke any and all licenses of any holder, when the holder, or any other person with any interest in the holder, fails to provide us with any information required under Commission rules within the time required.

12) **WAC 230-06-080(1)** provides that a licensee must notify the Commission in writing if any information filed with the application changes in any way within thirty days of the change; and **(2)(b)** requires licensees to submit 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.

13) **WAC 230-03-210(1)** provides that you must apply for a gambling service supplier license if you perform any of the following gambling-related services for compensation: **(a)** Consulting or advisory services regarding gambling activities; or **(b)** Gambling management services; or ...**(h)** Providing any other service or activity where influence may be exerted over any gambling activity licensed by the Commission.

14) A substantial interest holder is defined in **WAC 230-03-045(1)** as "a person who has actual or potential influence over the management or operation of any organization, association, or other business entity." **WAC 230-03-045(2)** provides that 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.

The following facts demonstrate that the licensee failed to disclose the material fact that Rick Faoro conducted service supplier activity that was unauthorized and unlicensed during the pending sale of Parker's to Seven Diamonds. In addition, the licensee failed to disclose the material fact of Mr. Faoro's unauthorized substantial interest in, and management of, the licensee's card room. The following facts also demonstrate that the licensee knowingly caused others to violate gambling laws and Commission rules:

- a) Rick Faoro, said that while licensed as a card room employee, "I played poker three days a week; that's all I did." Mr. Faoro added, "I was linked there [at Parker's] so I could go everywhere and do anything." Mr. Faoro said he entered the licensee's cage, "one time because there was a Sonoma problem." Mr. Faoro was not listed in the licensee's internal controls as an employee authorized to enter the cage.

- b) The licensee's then-General Manager, Michael McCarthy, relied on Rick Faoro to provide answers to the agent's questions about the use of propositional players.
- c) Then-General Manager, Mike McCarthy, notified Rick Faoro that he had resigned.
- d) Nancy Christopherson said Rick Faoro had ordered her to code Sam Wright as "maintenance," for payroll purposes, despite Mr. Wright's role at Parker's as a "propositional player." When Ms. Christopherson asked Mr. Faoro why she should code Mr. Wright as maintenance, Mr. Faoro replied, "Just do it." Ms. Christopherson said, "I do whatever Rick tells me to do." Ms. Christopherson said Mr. Faoro's role at the licensee's was "above the General Manager," and that Mr. Faoro was the "middle man" between the licensee and Tim Iszley.
- e) Mark Jones, the licensee's Finance Manager, also relied on Rick Faoro to provide answers about the use of propositional players.
- f) Craig Schweigert, a former General Manager said that while he worked as General Manager, Rick Faoro was, "at least the head of the poker room," and all poker managers reported to Mr. Faoro.
- g) Mail Mai, a former General Manager, said Rick Faoro was the licensee's "clandestine GM."
- h) During a meeting, Mr. Mai asked Tim Iszley who he (Mr. Mai) reported to, and Mr. Iszley said he reported to, and should direct all questions to, Keven Baumann. But when Mr. Mai contacted Mr. Baumann about an operational issue, Mr. Faoro told Mr. Mai, "You need to talk to me." Mr. Mai told Mr. Faoro that he had been instructed to report to Mr. Baumann, but Mr. Faoro replied that Mr. Mai must always report to him, and not to Mr. Baumann.
- i) Mr. Mai said the licensee held monthly or weekly management team meetings, and Rick Faoro, Tim Iszley, Cory Coyle, and Keven Baumann usually attended. Mr. Mai was under the impression that Keven Baumann and Rick Faoro directly managed the card room.
- j) Qiang Li, poker supervisor, said that Rick Faoro "has a lot of pull," that Mr. Faoro advised the poker room staff, that Mr. Faoro participated in "budget counseling, including PSJ schemes," and that once in a while, Mr. Faoro attended management meetings, "to get a general feeling of the games and the floor."
- k) Steven Keyes, poker floor supervisor, said Rick Faoro was a "consultant with [Parker's] jackpot payout system, and he discusses payouts for high hand schemes."
- l) Mr. Faoro said the licensee employed propositional players, and there were no unlicensed, paid poker players on the licensee's payroll.

- m) Mr. Faoro said, "I did attend a few [Parker's management] meetings," and "offered suggestions for Monte Carlo and PSJ [player-supported jackpot] distributions."
- n) Rick Faoro was not listed in the management structure of the licensee's internal control documents.
- o) The licensee did not have any payroll records showing Mr. Faoro was paid for card room employee duties.
- p) The licensee paid \$3,003 to reimburse Mr. Faoro for 780 miles of travel per month, which represented about three trips per week to the licensee's over a seven-month period.

The licensee failed to disclose that Rick Faoro was conducting service supplier activities that were unauthorized and unlicensed, while Mr. Faoro had only a card room employee's license, violating **WAC 230-03-210**. In addition, the licensee allowed Rick Faoro to have actual or potential influence over the management or operation of its card room, making Mr. Faoro an unauthorized and undisclosed substantial interest holder, as defined by **WAC 230-03-045(1)**. This conduct violated the disclosure requirements of **WAC 230-06-080(1)** and **(2)(b)**.

By allowing Rick Faoro to conduct unlicensed service supplier activity in violation of **RCW 9.46.160** and **WAC 230-03-210(1)**, the licensee in turn, violated **RCW 9.46.180** and **RCW 9.46.185**, by knowingly causing others to violate gambling laws and Commission rules.

The licensee received prior warnings after violating card room employee and service supplier rules. Grounds, therefore, exist to suspend or revoke Parker's licenses under **RCW 9.46.075(1), (7), (8)** and **WAC 230-03-085(1), (3), (7) and (8)**.

15) **WAC 230-06-005(1)** provides that licensees may accept a check in the place of cash from a player for authorized gambling activities if the check is fully negotiable when it is accepted; and **(2)(b)** provides that licensees must not accept checks from a player who owes the licensee money from a previous returned personal check; and **(3)** provides if licensees accept a check in violation of the provisions of this section, they are violating the rules against extending credit.

16) **WAC 230-15-155(2)(b)** provides if card game licensees choose not to use their guarantee service to pre-approve a particular check, licensees must prohibit persons who submitted NSF checks from submitting additional checks until the person pays the amount owed in full.

The licensee repeatedly extended credit to patrons by cashing patrons' checks that were not fully negotiable when accepted, and when such patrons owed the licensee money from previously returned personal checks. This conduct violated **WAC 230-06-005(1), (2)(b)** and **(3)**. The licensee violated **WAC 230-15-155(2)(b)** by choosing not to use their check guarantee service, and failing to prohibit patrons who submitted NSF checks from submitting additional checks until the patrons paid the amount in full.

The licensee received a prior warning letter in 2007, for extending credit. The licensee repeatedly violated the rules prohibit extending credit, including **WAC 230-06-005(1), (2)(b) and (3)**, and **WAC 230-15-155(2)(b)**.

The licensee has demonstrated willful disregard for gambling law and rules. The licensee 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 its prior activities.

Grounds, therefore, exist to suspend or revoke Parker's licenses under **RCW 9.46.075(1) and (8)**, and under **WAC 230-03-085(1), (3) and (8)**.

17) **WAC 230-15-730(1)** provides that house-banked card game licensees must keep and maintain a complete set of accounting records which we have approved before licensure. These records must include all receipts and disbursements of the licensee, including, at least, those related to gambling activities; and **(2)** provides licensees must keep legible, accurate, and complete records of all transactions relating to the revenues, costs, and expenses of the gambling operation. Licensees must keep these records in a format that ensures consistency, comparability, and effective disclosure of financial information.

The licensee repeatedly failed to keep complete records of all transactions relating to gambling expenses. The agent found cage paid in and out slips that failed to show what was paid, why cash was paid out, and whether cash was actually paid in or out of the cage. This conduct violated **WAC 230-15-730**.

Grounds, therefore, exist to suspend or revoke Parker's licenses under **RCW 9.46.075(1) and (8)** and **WAC 230-03-085(1), (3) and (8)**.

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V.

The facts and violations set forth in paragraph IV above constitute grounds for suspending or revoking the licenses issued to Parker's Sports Bar & Casino to conduct gambling activity pursuant to RCW 9.46.075 and WAC 230-03-085.

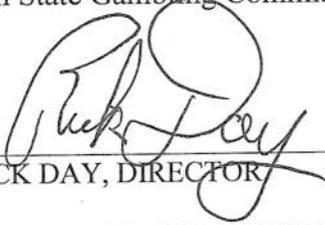
VI.

The licensee 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.

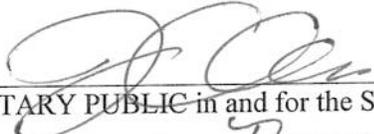
Based on RCW 34.05.440, failure to return a request for hearing will result in the entry of a default order REVOKING your licenses.

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF THURSTON )

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

  
\_\_\_\_\_  
RICK DAY, DIRECTOR

SUBSCRIBED AND SWORN TO before me  
this 14 day of November, 2011.

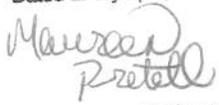
  
\_\_\_\_\_  
NOTARY PUBLIC in and for the State of  
Washington residing at Thurston County  
My Commission expires on 4-29-2014



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 14 day of November, 2011



Communications and Legal Department  
Washington State Gambling Commission