

STATE OF WASHINGTON  
GAMBLING COMMISSION

In the Matter of the Suspension of the Licenses )  
to Conduct Gambling Activities of: ) NO. CR 2010-00460  
)  
Parker's Sports Bar & Casino ) **NOTICE OF ADMINISTRATIVE**  
17001 Aurora Avenue N ) **CHARGES AND OPPORTUNITY**  
Shoreline, Washington, ) **FOR AN ADJUDICATIVE**  
) **PROCEEDING**  
Licensee. )  
\_\_\_\_\_ )

I.

The Washington State Gambling Commission issued Parker's Sports Bar & Casino (Parker's), organization number 00-13542, the following licenses:

- Number 67-00027, Authorizing Class "12" House-Banked Card Room Activity.
- Number 05-07549, Authorizing Class "B" Punchboard/Pull-Tab Activity.
- Number 53-01099, Authorizing Class "A1" Amusement Game Activity.

The licenses expire on September 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 licensee with the following violations of the Washington State Gambling Act, 9.46 RCW, and WAC Title 230:

- 1) Parker's offers a Player Supported Jackpot (PSJ). During a poker game, the PSJ is a separate contest of chance related to a player getting one of eighteen designated hands.<sup>1</sup> The amount paid to the player varies with the type of hand the player gets.
- 2) A one dollar fee per hand is taken from the players' wagers for the PSJ and awarded back to the players when they get designated hands. The Gambling Commission requires that there be a separate bank account into which only the PSJ funds are deposited. The licensee acts only as a custodian of the funds and is only entitled to an administrative fee of up to 10 percent. The licensee must distribute the PSJ funds to the winning players according to the house rules that the Gambling Commission has pre-approved.
- 3) On January 28, 2010, the licensee started a PSJ and provided \$5,000 seed money. On February 19, 2010, the licensee notified a Commission Special Agent (agent) by e-mail that Parker's would no longer collect the 10 percent administrative fee from the PSJ account.

<sup>1</sup> Examples of some of the designated hands are: Spade Royal Flush, Club Royal Flush, Spade Straight Flush, Heart Straight Flush, Quad Queens, and Quad Jacks.

- 4) In April 2010, an agent conducted a Card Room Compliance Module and discovered the licensee violated PSJ rules.
- 5) On February 25, 2010, the IRS seized funds from the licensee's PSJ account with the Bank of America. The licensee then transferred the remaining PSJ funds to Parker's General Operating account. The licensee was required to stop operating the PSJ once the IRS seized funds from the PSJ account. However, the licensee continued to operate the PSJ, in violation of WAC 230-15-415(3).
- 6) The licensee's Internal Controls state that the PSJ account would be with Bank of America. However, after the IRS seized the PSJ funds from the Bank of America account, the licensee opened a new PSJ account at Chase Bank in March 2010.
- 7) The licensee violated WAC 230-15-440(1) when it failed to:
  - a) Submit to the agent proposed changes to its internal controls showing that the PSJ account was now at Chase Bank; and
  - b) Receive written approval from the agent before making any changes to the PSJ account.
- 8) After the IRS seized the PSJ funds, the licensee failed to reconcile the PSJ bank account balances with the PSJ prize fund accrual record balances for March and April 2010, in violation of WAC 230-15-400(7).
- 9) After the IRS seized the PSJ funds, from approximately February 26, 2010, through approximately May 5, 2010, the licensee:
  - a) Deposited PSJ funds into the cashier cage and failed to deposit PSJ funds into the PSJ account, in violation of WAC 230-15-400(4); and
  - b) Made PSJ payouts from the cage cashier even though no money was deposited into the PSJ account, in violation of WAC 230-15-400(3).
- 10) On May 17, 2010, while the agent was reviewing the licensee's PSJ records, the agent discovered that on May 13, 2010, the licensee resumed collecting the 10 percent administrative fee from the PSJ account. The licensee failed to notify the agent that it had resumed collecting the administrative fee.
- 11) The licensee received the following warning letters for PSJ violations:
  - a) In June 2007, for failing to reconcile the monthly PSJ bank account balance with the PSJ prize fund accrual record balance. (CR 2007-00891)
  - b) In August 2009, for failing to distribute the remaining balance of PSJ funds within 60 days of discontinuing a PSJ.
- 12) Previously on April 5, 2009, the licensee entered into a Settlement Order to resolve administrative charges against Parker's for failure to record winning hand information for PSJ payouts, failure to keep video of PSJ payouts, and a surveillance violation. (CR 2008-02024)
- 13) In the Settlement Order, Parker's agreed to a five-day suspension, with four days deferred for one year, subject to Parker's not violating any gambling statutes or regulations during the one year period (April 2008 through April 2009). If the violation warranted administrative or criminal charges, the Director may impose the four-day suspension.

14) Parker's violated the April 5, 2009, Settlement Order when it failed to follow PSJ rules from February 2010 through April 2010. Grounds, therefore, exist to impose the four-day suspension deferred in the April 2009 Settlement Order.

15) Therefore, under RCW 9.46.075(1) and WAC 230-03-085(1), and (3), grounds exist to suspend Parker's Sports Bar & Casino's licenses.

**RCW 9.46.075(1) 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:

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 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

**WAC 230-15-400 Accounting for player-supported jackpot funds.**

Class F or house-banked licensees must:

(The following subsections apply.)

(3) Not make payouts from the PSJ funds until licensees have first deposited the funds in the PSJ account. However, licensees may pay out prizes won during the gambling day and deduct administrative expenses before licensees deposit the funds.

(4) Transfer or deposit the PSJ funds into the PSJ account or with an armored car service no later than the second banking day after the close of business.

(7) Reconcile the account balance in their bank statement to the PSJ prize balance on their PSJ fund accrual record each month. "Reconcile" means the licensee must compare the two balances, resolve any differences, and document the comparison and the differences in writing. Licensees must keep the reconciliation as part of their records.

**WAC 230-15-415(3) Removing a player-supported jackpot from play.**

If taxing authorities seize a PSJ account, the licensee must immediately stop offering the PSJ and collecting additional funds for the PSJ until all funds have been replaced in the PSJ account.

**WAC 230-15-440(1) Modifying internal controls and changing card games offered.**

House-banked card game licensees must submit proposed changes to their internal controls in writing to us and receive our written approval before making any changes.

III.

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

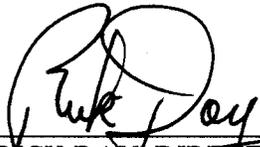
The licensee will have the opportunity to have a hearing on the alleged violations.

**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 **SUSPENDING YOUR LICENSES FOR 30 DAYS**

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 for Players & Spectators, 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.



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RICK DAY, DIRECTOR

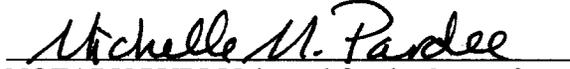
STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF THURSTON )

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 28th day of June, 2010

 Communications and Legal Department  
Washington State Gambling Commission

SUBSCRIBED AND SWORN TO before me  
this 28 day of June, 2010.



NOTARY PUBLIC in and for the State of  
Washington residing at LACEY

My commission expires on June 16, 2013

