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GAMBLING COMMISSION
COMM & LEGAL DIVISION

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Denial of the License to)	NO. CR 2011-01347
Conduct Gambling Activities of:)	
)	SETTLEMENT IN LIEU OF
Cammegh Limited,)	ADMINISTRATIVE CHARGES
Kent, United Kingdom,)	
)	
Applicant.)	
_____)	

This Settlement in Lieu of Administrative Charges is entered into between the Washington State Gambling Commission and the applicant, Cammegh Limited. The Commission is represented by Melinda Froud, Staff Attorney. The applicant represents itself through its President, Richard W. Cammegh. The purpose of this Settlement is to resolve the administrative charges currently pending against the applicant, but not yet issued.

I.

The Washington State Gambling Commission issued Cammegh Limited, Old Surrenden Manor, Bethersden, Ashford, Kent, United Kingdom, organization number 00-20396 two special sales permits¹ prior to 2008, authorizing limited sales activity. The permits were issued subject to the permit holder's compliance with state gambling laws and Commission rules.

In the spring of 2011, Cammegh Limited applied for a license authorizing manufacturing activity. The application was made subject to the applicant's compliance with state gambling laws and Commission rules.

II.

There are sufficient grounds for the Gambling Commission to file administrative charges against the applicant based on the following:

SUMMARY:

The applicant, through its owner, admitted that it sold gambling equipment (electronic devices for reading and displaying outcomes of roulette games) during 2008 and 2009 without a valid special sales permit.

¹ WAC 230-03-025 allows a manufacturer applicant to apply for a Special Sales Permit if they: (a) Sell authorized gambling equipment; and (b) demonstrate that the anticipated profits from their sales will be below the cost of obtaining a manufacturer license. Otherwise they must apply for a manufacturer license.

FACTS:

- 1) The applicant, Cammegh Limited is a manufacturer of electronic devices for reading and displaying outcomes of roulette games (gambling equipment). In the spring of 2010, Cammegh applied for a new Special Use Permit. The application was assigned to a Commission Special Agent (agent) for analysis and review.
- 2) The agent's licensing file review reflected that Cammegh had held two Special Use Permits prior to 2008. In the context of his investigation, it came to the agent's attention that Cammegh products were currently in place in two tribal casinos. It had been disclosed to other agents that the seller of those products was Andrographics, a licensed manufacturer and distributor.
- 3) The agent visited Andrographics and confirmed that in May 2008 and April 2009, Andrographics bought electronic devices for reading and displaying outcomes of roulette games from a seller (Cammegh) who did not possess a valid gambling license, in violation of WAC 230-06-110(3).
- 4) Invoices reflect that Andrographics sold Cammegh products to the Seven Cedars Casino in May 2009, for a sum of \$12,800, and also sold Cammegh products to the Snoqualmie Casino in June 2008, for \$61,000. The items listed on the invoice include the "eyeball" system, which is a camera that reads the outcome of roulette and sends it to Cammegh's display board. These items are currently in the Commission's Electronic Gambling Lab for testing and are not yet approved.
- 5) When it was determined by the agent that Cammegh had sold gambling equipment in Washington State without a license, Cammegh was informed that their current application must be reviewed with the requirements of a full license application, as opposed to as a Special Use Permit. Cammegh subsequently submitted a license application.

VIOLATIONS:

- 1) **RCW 9.46.075 Gambling commission — Denial, suspension, or revocation of license, permit — Other provisions not applicable.**
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 subsection applies.)

(1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.

3) RCW 9.46.310 Licenses for manufacture, sale, distribution, or supply of gambling devices.

No person shall manufacture, and no person shall sell, distribute, furnish or supply to any other person, any gambling device, including but not limited to punchboards and pull-tabs, in this state, or for use within this state, without first obtaining a license to do so from the commission under the provisions of this chapter.

Such licenses shall not be issued by the commission except respecting devices which are designed and permitted for use in connection with activities authorized under this chapter: PROVIDED, that this requirement for licensure shall apply only insofar as the commission has adopted, or may adopt, rules implementing it as to particular categories of gambling devices and related equipment.

4) WAC 230-03-185 Applying for a manufacturer license.

(1) You must apply for a manufacturer license if you:

(a) Make or assemble a completed piece or pieces of gambling equipment for use in authorized gambling activities; or

(b) Convert, modify, combine, add to, or remove parts or components of any gambling equipment for use in authorized gambling activities.

(2) You must demonstrate your ability to comply with all manufacturing, quality control, and operations restrictions imposed on authorized gambling equipment that you want to manufacture or market for use in Washington State.

(3) The licensing process may include an on-site review of your manufacturing equipment and process for each separate type of authorized gambling equipment to ensure compliance capability.

5) WAC 230-03-200 Defining "gambling equipment."

"Gambling equipment" means any device, gambling-related software, expendable supply, or any other paraphernalia used as a part of gambling or to make gambling possible.

(The following subsection applies.)

(4) Electronic devices for conducting, facilitating, or accounting for the results of gambling activities, including, but not limited to: (b) Electronic devices for reading and displaying outcomes of gambling activities

The applicant, Cammegh Limited, sold approximately \$73,800 worth of gaming equipment without a valid license. Grounds, therefore, exist to deny Cammegh's application for licensure pursuant to RCW 9.46.075 and WAC 230-03-085.

III.

The applicant acknowledges that Cammegh Limited violated Commission laws and rules, and has indicated its willingness to comply with gambling rules and regulations. In lieu of formal proceedings the parties agree to settle this matter under the following terms:

- 1) The applicant acknowledges that its manufacturer license is pending final approval by the Commission the February Commission meeting.
- 2) The parties agree that after obtaining licensure; a **seven-day suspension** shall be deferred for a period of **one (1) year** from the date of entry of this Settlement, subject to the following: **The applicant/licensee must not violate Washington's gambling statutes or regulations during the one (1) year term.** If the applicant/licensee violates such statutes or regulations and if the violation is the type that warrants the filing of administrative or criminal charges, then the Director may impose the 7-day suspension of the current gambling license and any subsequently acquired gambling licenses.
- 3) The parties agree that the Director of the Washington State Gambling Commission, pursuant to this Settlement, has sole discretion to determine whether the applicant/licensee has violated any term of this Settlement. In the event the Director determines a violation has occurred, he may suspend the license issued to Cammegh Limited., by mailing or delivering a Notice of Order of Administrative Charges to the applicant/licensee. In addition to the consequences of the new violation, all or part of the deferred sentence shall also be served. The applicant/licensee shall be afforded the opportunity to have an Adjudicative Proceeding, which includes a hearing on the alleged violations.
- 4) The applicant agrees to pay a penalty of **five thousand dollars (\$5,000)**, which includes a portion of the revenue received by Cammegh in 2008 and 2009, in addition to the Commission's investigative and administrative costs. The applicant shall also pay the amount of **two thousand, six hundred thirty dollars (\$2,630)**, which represents the licensing fees Cammegh should have paid in 2008 and 2009. Full payment in the amount of **seven thousand, six hundred thirty dollars (7,630)** is due on **February 1, 2012**. The applicant shall **send payment** and this signed agreement to the following address:

Washington State Gambling Commission
Attention: Communications and Legal Department – Fines
P.O. Box 42400
Olympia, WA 98504-2400

or **deliver payments** (in person or via private courier) to the following address:

Washington State Gambling Commission
Attention: Communications and Legal Department – Fines
4565 7th Avenue SE; Fourth Floor
Lacey, WA 98503

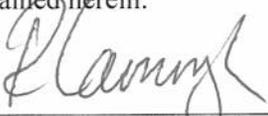
5) Nothing herein shall prevent the Commission from denying Cammegh's application for a license based on facts that may not currently be known by Commission legal staff. However, the Director and Commission staff will not recommend administrative action denying Cammegh Limited a gambling license based solely on the facts of this case. Furthermore, no promises or assurances have been made to Cammegh Limited that the Commissioners will approve the license application.

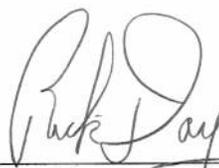
6) If the applicant makes its payment by the date agreed to in paragraph four of this section, this matter will be deemed closed. If the applicant fails to timely make its payment, staff will not recommend approval of the manufacturer license application, and Cammegh Limited's application will not be forwarded to the Commission for approval in February 2012.

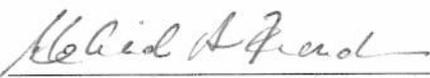
DATED this 3 day of February, 2012.

AGREED TO BY:

By the signature below, the applicant acknowledges that he has read the foregoing Settlement in Lieu of Administrative Charges, and understands the terms and conditions contained herein.


Richard Cammegh, President (Date)
Cammegh Limited


Rick Day, Director
Washington State Gambling Commission


Melinda Froud, Staff Attorney,
WSBA #26792
Washington State Gambling Commission