

MAY 17 2012

STATE OF WASHINGTON
GAMBLING COMMISSION

GAMBLING COMMISSION
COMM & LEGAL DEPT

In the Matter of the Suspension or Revocation of)
the Licenses to Conduct Gambling Activities of:) NO. CR 2011-01357
))
Fraternal Order of Eagles, #02327) **SETTLEMENT ORDER**
Monroe, Washington,))
))
Licensee.))
_____)

The Washington State Gambling Commission and the licensee, Fraternal Order of Eagles (FOE), 02327, have entered into this Settlement Order to resolve the administrative charges pending against the licensee. Stephanie U. Happold, Assistant Attorney General, and Melinda Froud, Staff Attorney, represent the Commission. Michael Meade, President, represents the licensee.

I.

The Washington State Gambling Commission issued Fraternal Orders of Eagles (FOE) 02327, organization number 00-00467, the following licenses:

- Number 05-02498, authorizing class "C" Nonprofit Punchboard Pull-Tab activity;
- Number 08-00017, authorizing class "A" Combination License activity; and
- Number 60-00254, authorizing class "B" Special Card Room activity.

The licenses expire on June 30, 2012, and were issued subject to the licensee's compliance with state gambling laws and rules.

II.

In the above-entitled case, the Gambling Commission issued a Notice of Administrative Charges and Opportunity for an Adjudicative Hearing on, March 1, 2012, seeking the suspension or revocation of Fraternal Order of Eagles 02327's licenses to conduct gambling activities. On March 20, 2012, Commission staff received the licensee's request for a hearing. The following summary of facts and violations were alleged in the Notice of Administrative Charges:

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) On November 9, 2011, a Gambling Commission Special Agent (agent) conducted a punchboard/pull-tab records inspection at FOE 02327 for the period covering April 1, 2011, through November 9, 2011. During the inspection, a verbal warning was given for the following violations:

- The licensee failed to keep a set of permanent monthly records documenting their bingo gambling activity.

- The licensee failed to deposit at least five pull-tab games within two banking days and failure to record the Washington State identification number on the deposit slip at least nine times.
- The punchboard/pull-tab inventory review showed a negative five games.
- The monthly income summary showed incorrect prize amounts for two pull-tab games.

2) During his review, the agent noted bingo was one of the gambling activities conducted at this club. Ms. Anglin, club manager, stated that one of their members, Janette Fausett, prepares the gambling records for the bingo activity. The agent confirmed that Ms. Fausett prepares the gambling records for their raffle activities. She stated she does not keep records for bingo activity. The agent then informed Ms. Fausett what records are required. The licensee failed to notify Commission staff when Ms. Fausett assumed the responsibility for gambling manager duties, in violation of WAC 230-07-120.

3) The licensee failed to assume that Ms. Fausett prepared bingo records required by gambling laws and rules. The licensee conducted gambling activities and failed to supervise Ms. Fausett, who was responsible for preparing its gambling records. As a result, the licensee violated WAC 230-07-110 and WAC 230-07-060.

4) Janine M. Shaffer was the last licensed nonprofit gambling manager assigned to FOE 02327. Ms. Shaffer no longer had gambling manager responsibilities when her license expired on June 10, 2008. On December 22, 2011, James Evans applied for a nonprofit gambling manager license, and he is the current licensed manager for FOE 02327.

5) The licensee has had two violations within the last five year period. The two violations were failing to submit their activity report within 30 days. The disposition for both of these violations was a Notice of Violation and Settlement (NOVAS).¹

6) Therefore, grounds exist to suspend FOE 02327's license under RCW 9.46.075(1) and (8), WAC 230-03-085(1) and (8), WAC 230-07-120 (1) and (2), and WAC 230-07-110.

RCW 9.46.075 Denial, suspension, or revocation of license

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.

¹ A NOVAS is a Notice of Violation and Settlement identifies the violation and gives the licensee the opportunity to pay a fine to settle the matter.

(8) Fails to prove, by clear and convincing evidence, that it is qualified in accordance with the provisions of this chapter.

WAC 230-03-085 Denying, suspending, or revoking an application, license

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.

(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 gambling activities, as demonstrated by:

- (a) Prior activities; or
- (b) Criminal record; or
- (c) Reputation; or
- (d) Habits; or
- (e) Associations.

WAC 230-07-060 Independent management structure required

The following subsection applies:

(2) Organizations must develop and maintain an independent management control system that ensures they:

- (b) Supervise and operate gambling activities according to gambling laws and our rules.

WAC 230-07-120 Notifying us of changes in responsibilities of charitable or nonprofit gambling managers-

The following subsections apply:

(1) A charitable or nonprofit organization must notify us in writing when a gambling manager:

- (a) Has been assigned primary responsibility for operating any gambling activity or disbursing funds; or
- (b) Has terminated employment or responsibilities.

(2) Individuals required to be licensed under WAC 230-03-235 must immediately submit a license application.

WAC 230-07-110 Supervision requirements-

Charitable or nonprofit organizations must closely supervise all persons involved with the conduct of gambling activities to ensure that they follow all gambling laws and rules.

Therefore, grounds exist to suspend or revoke the licenses issued to Fraternal Order of Eagles Auxiliary 03338 under RCW 9.46.075 (1) and (8), and WAC 230-03-085 (1), (3) and (8).

III.

The facts and violations set forth in paragraph II above constitute grounds for the suspension or revocation of the licenses issued to Fraternal Order of Eagles 02327 pursuant to RCW 9.46.075 and WAC 230-03-085.

IV.

The licensee acknowledges that it received the Notice of Administrative Charges issued in this case, and understands the facts and violations contained in it.

On March 20, 2012, Commission staff received Fraternal Order of Eagles 02327's request for a hearing in this matter; however, the licensee has waived its right to a hearing, based on the terms and conditions of this Settlement Order.

The licensee agrees to the following terms and sanctions:

- 1) Fraternal Order of Eagles 02327's licenses gambling licenses are hereby suspended for a period of **five (5) days**, provided that:
 - a) **One (1) day** of the suspension shall not be currently served, but shall be deferred for a period of one year from the date of entry of this Settlement Order, subject to the following: The licensee agrees not to violate the terms of this Settlement Order, or any of Washington's gambling statutes or regulations during the one (1) year term. If the licensee violates this Settlement Order or gambling 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 four-day deferred suspension of the current gambling licenses and any subsequently acquired gambling licenses.
 - b) The parties agree that the Director of the Washington State Gambling Commission, pursuant to this agreement, has discretion to determine whether the licensee has violated any term of this agreement. In the event the Director determines that a violation of this agreement has occurred, he may suspend the license(s) issued to the licensee for one day, by mailing or delivering a Notice of Order of Administrative Charges to the licensee. In addition to the consequences of the new violation, the deferred sentence shall also be served. The licensee shall be afforded the opportunity to have an Adjudicative Proceeding, which includes a hearing on the alleged violations.
 - c) Pursuant to RCW 9.46.077, the licensee has chosen to vacate the **remaining four (4) days** of the suspension by paying a fine of **one thousand, two hundred, ninety four dollars (\$1,294)**, which represents 50 percent of the licensee's daily costs averaged from the 2011 Quarterly Activity Reports, which total **two hundred, sixty two dollars (\$262)**. The licensee also agrees to reimburse the Commission for a portion of its investigative and administrative costs in the amount of **one thousand, thirty two dollars (\$1032)**, for a total penalty of **one thousand, two hundred, ninety four dollars (\$1,294)**,

- d) **The signed order and payment must be received by Commission staff on or before Friday, May 11, 2012, and** mailed to Commission Headquarters at the following address:

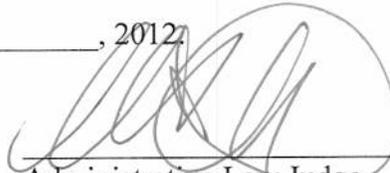
Washington State Gambling Commission
Attention: Communications and Legal Division
P.O. Box 42400
Olympia, WA 98504-2400

or delivered (in person or via private courier) to the following address:

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

- 4) If the licensee makes its payment as agreed, this matter will be deemed closed. However, if the licensee fails to timely make its payment, the Director may impose an additional **two (2)** day suspension for the late payment. Serving the suspension would not, however, relieve the licensee of its obligation to pay its fine.

DATED this 14th day of May, 2012



Administrative Law Judge

APPROVED FOR ENTRY:

By signing this Settlement Order,
the licensee acknowledges and understands
the terms and conditions contained in it.


WORTHY PRESIDENT Date 4/26/12

Michael Meade, President
Fraternal Order of Eagles, #02327

APPROVED AS TO FORM:


5/3/12

Stephanie U. Happold, #38112
Assistant Attorney General,
Representing the Washington
State Gambling Commission



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

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