STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Suspension or Revocation of the License to Conduct Gambling Activities of:	)	No. CR 2011-00710
	)	***AMENDED***
Let it Ride Casinos Renton, Washington,	)	**NOTICE OF ADMINISTRATIVE CHARGES AND OPPORTUNITY FOR AN ADJUDICATIVE PROCEEDING**
Licensee.	)	***(Amendments appear in italics and strikeouts)***

Rick Day alleges as follows:

I.

He is the Director of the Washington State Gambling Commission and makes these charges in his official capacity.

II.

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

III.

The Washington State Gambling Commission issued Let it Ride Casinos (Let it Ride), organization number 00-18375, located at 227 Main Ave S. Renton, the following license:

Number 28-00020, authorizing Class "B" Fund Raising Event (FRE) activity.

The license, which expires on August 30, 2012, was issued subject to the licensee's compliance with state gambling laws and regulations.

IV.

SUMMARY:

An FRE is a licensed activity that authorizes a nonprofit organization to raise funds. A Recreational Gaming Activity (RGA) license authorizes any organization to hold a nongaming event for entertainment purposes. A class "B" FRE license allows the equipment distributor to service class"A" and "D" FREs and RGA providers.

On multiple occasions in 2010 and 2011, the licensee's FRE equipment distributor activities exceeded those permitted by the license class of the non-profit licensee with whom they had contracted to provide FRE support[1], by accepting gratuities[2] and providing dealer activity to class "A" licensees' events.

FACTS:

1) Let it Ride has had seven administrative cases in the past three years[3] resulting in verbal warnings and NOVAS[4] issued by Commission staff. Most of the violations involved Let it Ride being a party to unlicensed activity or exceeding license class permitted activity.

2) On April 27, 2010, a Commission Special Agent (agent) contacted Cory Thompson, owner of Let it Ride. The agent warned him that the Fraternal Order of Eagles (FOE 2809), with whom Let it Ride had contracted for a Texas Hold'em[5] poker tournament on May 22, 2010, had been issued a Class "A" license. Therefore Let it Ride staff were not permitted to manage or operate the FRE tournament. The agent also noted that the contract between FOE 2809 and Let it Ride included the language "Gratuity Not Included." He reminded Mr. Thompson that a solicitation for tips was not appropriate because gratuities cannot be accepted from a Class "A" or "D" nonprofit licensee. The agent informed Mr. Thompson that the language could mislead FRE licensees to believe that tipping was permitted. Mr. Thompson acknowledged the limitations provided by law. He informed the agent that the gratuity language is on both his FRE and Recreational Gaming Activities (RGA) contracts, but that his staff knows that gratuities are only allowed to be accepted from RGAs. Mr. Thompson promised the agent that he would remove the "Gratuities Not Included" language from his FRE contracts to avoid future confusion.

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[1] A class "A" license allows the public to attend a FRE, and play for cash prizes, but the games must be operated or managed by members of the non-profit organization. A class "D" license makes games open to members and their guests only, and the players may play for merchandise prizes only(no cash), but the games may be operated or managed by an FRE distributor. Neither class "A" nor class "D" events allow for gratuities to be paid to the FRE distributor.

[2] Gratuities are not permitted from a FRE because all fundraising amounts are properly intended for the fund raising charitable recipient.

[3] Case# 2011-00597: Advertising Texas Hold'em Tournament, Conducting an activity without a license
Case# 2010-000983: Purchasing gambling equipment from an unlicensed manufacturer
Case# 2010-00556: Unauthorized use of staff for a Class A FRE
Case# 2010-00431: Complaint of an unlicensed FRE
Case# 2010-00417: Unauthorized advertisement for an event
Case# 2010-00314: Complaint of an unlicensed FRE
Case# 2008-00838: Complaint regarding a FRE

[4] A **NOVAS** is a Notice of Violation and Settlement that identifies the violation and gives the licensee the opportunity to pay a fine to settle the matter.

[5] **Texas Hold 'em** (also known as **hold 'em** or **holdem**) is a variation of the standard card game of poker. The game consists of two cards being dealt face down to each player and then five community cards being placed face-up by the dealer—a series of three ("the flop") then two additional single cards ("the turn" and "the river" or "fourth and fifth street" respectively), with players having the option to check, bet, raise or fold after each deal.

3) On May 20, 2011, agents conducted an inspection of a FRE sponsored by the Nile Temple (Nile) in Mountlake Terrace. Nile was issued a class "A" FRE license to conduct a Texas Hold'em tournament to raise money for the Shriner's Hospital for Children. The agents observed that Mr. ~~Thompson~~ *Keller* [6] and Let it Ride employees provided gaming equipment and tournament directors to Nile. The agents also observed Mr. Thompson and co-owner Brian Keller handling chips, answering questions, and coordinating the overall activity of the poker tournament, in violation of FRE rules. The agents asked Mr. ~~Thompson~~ *Keller* why he was operating the Class "A" event. Mr. ~~Thompson~~ *Keller* acknowledged that he was not supposed to, and asked if they should stop. The agents allowed them to complete the tournament. The agents also discovered that Let it Ride's contract with Nile included the language "Compensation agreed upon: $1,000 Gratuity Not Included." The agents pointed this language out to Mr. ~~Thompson~~ *Keller* who said "Oh, that's not supposed to be there, that was supposed to be taken out." *Mr. Keller handed the agents a business card with both his name and Mr. Thompson's name on the card.*

4) On May 24, 2011, an agent obtained from licensing staff copies of the applications and contracts for Let it Ride and Class "A" FRE submitted to the Commission since the warning regarding gratuity contract language on April 27, 2010. The agent observed that 16 of the 23 contracts between Let it Ride and Class "A" FREs included language stating that gratuities are not included.

5) Agents contacted 15 of the FRE's at issue and were informed that Mr. Thompson and Mr. Keller had managed and assisted with the operation of five separate Class "A" FRE's in addition to Nile as follows:

- On August 18, 2011, an agent contacted Adam Owens, Event Manager for the South End Hurricanes BC in Auburn. The organization held a FRE poker tournament in January 2011. Mr. Owens informed the agent that Mr. Thompson and Mr. Keller seated players when they arrived and paid the entry fee, managed the time clock, solicited the purchase of chips, answered questions, provided rule clarification, and provided a dealer to operate the timer and deal cards at the final tournament table to determine the tournament winner.

- On August 20, 2011, an agent contacted James Williams, Event Manager for the Tacoma Sportsmen's Club in Tacoma. The club held a poker tournament on November 19, 2010, under a contract with Let it Ride. Mr. Williams told the agent that Mr. Thompson and Mr. Keller handed each player a card that determined the player's seat/table assignment at the start of the tournament. During the tournament, Mr. Thompson and Mr. Keller distributed the chips for each player, managed the time clock, and resolved player disputes as they arose. Mr. Keller acted as the dealer at the final table to determine the tournament winner.

- On August 20, 2011, an agent contacted Debbie Lean, the Event Manager for Triple Play Baseball in Kent. The organization held a poker tournament on March 26, 2011, under a contract with Let it Ride. Ms. Lean informed the agent that at the tournament, Mr.

[6] *One of the agents mistakenly understood that he had been speaking to Mr. Thompson.*

Thompson and Mr. Keller seated the players, provided the players with chips, answered questions, operated the time clock, facilitated the purchase of additional chips, and provided a dealer to deal the final table to determine the winner of the tournament.

- On September 9, 2011, an agent contacted Donald Lane, Event Manager for the Nile Center in Mountlake Terrace. The Center held a poker tournament on January 15, 2011 under a contract with Let it Ride. Mr. Lane told the agent that Mr. Thompson and Mr. Keller managed the operation of the tournament by operating the time clock and answering questions, and circulating around the tables. Mr. Lane could not recall whether or not Mr. Keller or Mr. Thompson acted as the dealer at the final table to determine the tournament winner.

- On September 9, 2011, an agent also contacted Duane Bryant, the Event Manager for Twin Cities Rotary in Chehalis. They held a poker tournament on April 23, 2011, under a contract with Let it Ride. Mr. Bryant informed the agent that at the tournament, Mr. Thompson and Mr. Keller seated the players, handed the players chips, answered questions, monitored the time clock, and provided a dealer to deal the final table to determine the winner of the tournament.

6) Based on the fact that the Class "A" FRE licensees listed above disclosed to the agent that Let it Ride Casino staff managed and assisted with the operation of the FRE, the agent issued each FRE a verbal warning for the failure to use their own charitable or non-profit members to manage and operate the FRE as required.

7) Agents continued their investigation to determine if any Class "A" FRE's paid gratuities to Let it Ride. Their investigation revealed the following:

- On August 20, 2011, an agent contacted John Pribble, FRE event Manager for Seattle Stars Baseball in Mukilteo, regarding the contract with Let it Ride for a FRE poker tournament on November 11, 2010. The contract included the language "Gratuity Not Included." Mr. Pribble informed the agent that they gave Mr. Thompson a $300 gratuity. Mr. Pribble referred the agent to their treasurer, Tom Black regarding the specifics of the payment. Mr. Black informed the agent that they gave Mr. Thompson one check in the amount of $3,300 representing a $1,500 base contract fee plus $1,500 for 12 additional tables, at $125 per table, plus a $300 gratuity. The agent obtained a copy of the check from the Seattle Stars bookkeeper.

- On September 9, 2011, an agent contacted Duane Bryant, FRE Event Manager for Twin Cities Rotary in Chehalis, regarding the contract with Let it Ride for a FRE poker tournament on April 23, 2011. The contract included the language "Gratuity Not Included." Mr. Bryant informed the agent that he could not recall whether or not they gave a gratuity to Mr. Thompson for the April 23 event. Mr. Bryant did recall two prior events where they had provided Mr. Thompson with a $200 gratuity each time. The contract regarding the April 23 tournament has the word "gratuity" handwritten after the "Gratuity Not Included" language.

The agent obtained a copy of an event application form from Twin Cities Rotary dated March 4, 2010, which included the words "+ Gratuity, 2-3 staff to run event" handwritten at the bottom of the application's first page.

8) An agent issued both of these FREs with verbal warnings for sharing with Let It Ride proceeds from the FRE which were intended to benefit the charity.

9) On September 14, 2011, agents visited Mr. Thompson at the Let it Ride Casinos office in Renton. The purpose of the visit was to discuss the gratuity issue. Mr. Thompson informed the agents that the inclusion of "Gratuity Not Included" language in contracts with FREs was a mistake, and that he removed it after the warning he received at Nile in May 2011. Mr. Thompson said any contracts for events which occurred after that date that included the gratuity language were submitted with applications prior to May 2011. The agent confirmed with Commission staff that at least one application including the gratuity language had been signed in September 2011.

10) In September 2011, the agent became aware of an additional contract with a Class "D" FRE which included the same improper language.

11) On December 23, 2011, an application from Swiss Park Sportsmen's Club of Tacoma for a Class D FRE was received by Commission staff. Attached to the application was a contract between Swiss Park Sportsmen's Club of Tacoma and Let it Ride. The contract included the language "Gratuities Not Included."

Let it Ride Casino failed to comply with numerous gambling laws and rules, after being warned numerous times about similar violations in willful disregard of the act. After a warning from an agent on April 27, 2010, Let it Ride managed and operated at least six Class "A" FREs, causing the FRE licensees to violate RCW 9.46.0233 and WAC 230-09-065 (1)[7].

From April 27, 2010, to September 15, 2011, the licensee contracted with 24 FRE licensees, and in seventeen of those contracts, the language "Gratuities Not Included" was included. Let it Ride collected gratuities on at least two occasions totaling $500. Mr. Thompson also made a material representation of fact to Commission staff when he said that Let it Ride Casinos stopped including "Gratuity Not Included" language in his contracts for FREs that were written after May 20, 2011. Grounds exist to revoke Let it Ride Casinos license based on RCW 9.46.075 (1), (2) and (7), and WAC 230-03-085 (1), (3) and (8).

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[7] WAC 230-09-065(1) provides that licensees must use only full and regular members of the charitable or nonprofit organization to manage or assist in the operation of an FRE. "Full and regular membership" is defined in WAC 230-03-140.

VIOLATIONS:

1) RCW 9.46.075 (1), (2) and (7), provides the Commission may 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 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, 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) Knowingly causes, aids, abets, or conspires with another to cause, any person to violate any of the laws of this state or the rules of the commission;

(7) Makes a misrepresentation of, or fails to disclose, a material fact to the Commission.

2) WAC 230-03-085(1), (3) and (8) provides that the Commission may revoke any license or permit when the licensee, or anyone holding a substantial interest in the licensee's business or organization:
(The following subsections apply.)

(1) Commits any act that constitutes grounds for revoking licenses or permits under RCW 9.46.075; or

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level; or

(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 gaming activities, as demonstrated through the person's prior activities, criminal record, reputation, habits, or associations.

3) 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.

4) 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.

5) RCW 9.46.0223 (1) provides that "Fund-raising event," as used in this chapter, means a fund-raising event conducted during any seventy-two consecutive hours but exceeding twenty-four consecutive hours and not more than once in any calendar year or a fund-raising event conducted not more than twice each calendar year for not more than twenty-four consecutive hours each time by a bona fide charitable or nonprofit organization as defined in RCW 9.46.0209 other than any agricultural fair referred to there under, upon authorization therefore by the commission, which the legislature hereby authorizes to issue a license therefore, with or without fee, permitting the following activities, or any of them, during such event: Bingo, amusement games, contests of chance, lotteries, and raffles. However: (a) Gross wagers and bets or revenue generated from participants under subsection (2) of this section received by the organization less the amount of money paid by the organization as winnings, or as payment for services or equipment rental under subsection (2) of this section, and for the purchase cost of prizes given as winnings do not exceed ten thousand dollars during the total calendar days of such fund-raising event in the calendar year; (b) such activities shall not include any mechanical gambling or lottery device activated by the insertion of a coin or by the insertion of any object purchased by any person taking a chance by gambling in respect to the device; (c) only bona fide members of the organization who are not paid for such service or persons licensed or approved by the commission under subsection (2) of this section shall participate in the management or operation of the activities, and all income there from, after deducting the cost of prizes and other expenses, shall be devoted solely to the lawful purposes of the organization; and (d) such organization shall notify the appropriate local law enforcement agency of the time and place where such activities shall be conducted. The commission shall require an annual information report setting forth in detail the expenses incurred and the revenue received relative to the activities permitted.

Let it Ride Casino failed to comply with gambling laws and rules, after being warned numerous times about similar violations in willful disregard of Commission rules. After a warning from an agent on April 27, 2010, Let it Ride managed and operated at least six Class "A" FREs, causing the FRE licensees to violate RCW 9.46.0233 and WAC 230-09-065(1). From April 27, 2010, to September 15, 2011, the licensee contracted with 24 FRE licensees, and in seventeen of those contracts, the language "Gratuities Not Included" was included. Let it Ride collected gratuities on at least two occasions totaling $500. Mr. Thompson made a material representation of fact to Commission staff when he said that Let it Ride Casinos stopped including "Gratuity Not Included" language in his contracts for FRE's that were written after May 20, 2011.

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V.

The charges specified in paragraph IV constitutes grounds for suspending or revoking the gambling license issued to Let it Ride Casinos under RCW 9.46.075 and WAC 230-03-085.

VI.

The licensee shall have the opportunity to have an Adjudicative Proceeding, which includes a hearing on the alleged violations. In order to begin an Adjudicative Proceeding, the enclosed APPLICATION FOR ADJUDICATIVE PROCEEDING AND REQUEST FOR HEARING MUST BE COMPLETED IN FULL by the LICENSEE OR REPRESENTATIVE and returned to the Gambling Commission within 23 days from the date of mailing of this notice. Failure to return this document will result in the entry of a DEFAULT ORDER pursuant to RCW 34.05.440 and WAC 230-17-010, the imposition of the penalty set out above (REVOCATION OF YOUR LICENSE) or one of lesser degree and shall constitute a waiver of any further rights to a hearing or review in this matter.

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 agent 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

SUBSCRIBED AND SWORN TO before me this 3 day of February, 2012.

Michelle F. Rancour
NOTARY PUBLIC in and for the State of Washington residing at Thurston County

My Commission expires on 10-19-15

MICHELLE F. RANCOUR
NOTARY PUBLIC
COMMISSION EXPIRES 10-19-15
STATE OF WASHINGTON

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 3 day of February, 2012

Maureen Prettell
Communications and Legal Department
Washington State Gambling Commission