

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Suspension of the Licenses to)
Conduct Gambling Activities of:)
)
Wild Goose Casino)
Ellensburg, Washington,)
)
Licensee.)
_____)

NO. CR 2012-01006

**NOTICE OF ADMINISTRATIVE
CHARGES AND OPPORTUNITY
FOR AN ADJUDICATIVE
PROCEEDING**

I.

The Washington State Gambling Commission issued Wild Goose Casino, organization number 00-20009, the following licenses:

- Number 05-19938, Authorizing Class “C” Punchboard/Pull-Tab activity.
- Number 67-00212, Authorizing 10 Table House Bank Card Room activity.

The licenses expire on December 31, 2012, and were issued subject to the licensee’s compliance with state gambling laws and regulations.

II.

David Trujillo, Deputy 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:

SUMMARY:

The Wild Goose Casino removed funds from its Player Supported Jackpot (PSJ) to pay for expenses other than PSJ prizes during the period from March 2012 through July 2012.

FACTS:

- 1) On July 27, 2012, a Washington State Gambling Commission Special Agent (agent) was on-site at the Wild Goose Casino, located in Ellensburg. The agent was conducting a review of the licensee’s Player Supported Jackpot (PSJ)¹ to determine if it was in compliance with administrative rules. The agent met with Jerome Howe, owner, to review the PSJ bank statements.

¹ The PSJ, or players’ pot, is the accumulation of the amounts wagered by players and is gathered by the dealer in the center of the poker table. From the players’ pot, the dealer may collect a portion of players’ wagers for a jackpot prize. The amount collected for the jackpot prize shall not exceed one dollar per hand or game for each PSJ. This pot will ultimately be paid back to winning players.

Mr. Howe disclosed the card room was experiencing some financial difficulties and had recently used PSJ funds to pay a prize that was used to send a player to the World Series of Poker in Las Vegas, which was not a PSJ prize. He further stated that the PSJ account had been electronically debited by creditors.

- 2) The agent explained to Mr. Howe he was not authorized to remove any funds from the PSJ account other than to pay PSJ prizes, and that he must replace all funds taken from the PSJ account. Mr. Howe stated he had the ability to replenish the funds, but he would need a few days. The agent told Mr. Howe he would make a return visit the following week to verify funds were replenished and also told him to have bank statements and PSJ records available for review.
- 3) On July 31, 2012, the agent returned to the Wild Goose Casino with another agent. The agents met with Mr. Howe, who provided copies of PSJ bank statements and accounting records. Mr. Howe also provided a copy of a deposit slip for the PSJ bank account showing a date of July 31, 2012, for \$16,978.30. Mr. Howe stated this deposit had brought the account up to date. The agent later verified this deposit was sufficient to bring the account up to the required funds.
- 4) The agent reviewed the PSJ bank statements for March 2012. On March 27, 2012, the PSJ account showed a deduction of \$14,018.33, with an associated entry of "Legal Order to Withdraw." On March 27, 2012, there was a \$7,192.42 credit to the account, with an entry notation of "Release of Legal Order." Mr. Howe explained that the Washington State Department of Labor and Industries had removed funds from the PSJ account because the organization was in arrears. The PSJ accounting records show that the PSJ account should have had \$23,098.01 on March 28, 2012, but instead only had \$16,722.91. The PSJ account remained deficient from March 27, 2012, until April 25, 2012, at which time a deposit of \$5,122.70 was made.
- 5) On May 4, 2012, the PSJ account was charged with a \$7,434.62 deduction. The entry was again a "Legal Order to Withdraw" notation. A deposit of \$7,434.62 was made on May 8 to correct the prior deduction. The PSJ account was deficient from May 4, 2012 to May 8, 2012.
- 6) On June 15, 2012, the PSJ bank statement shows a withdrawal of \$11,500. The monies removed were to pay out the World Series of Poker prize. The notation next to the withdrawal was "Phone/In-Person Transfer Per Jerry Howe/ KWoodiwiss." PSJ prize records indicate there were no PSJ prize payouts on this day. The account remained deficient until July 31, 2012.
- 7) On July 13, 2012, the PSJ bank statement shows that check # 1351 was written and processed for \$10,000. On this gaming day there was only one PSJ prize payout of \$90. The \$10,000 withdrawal was used to pay for general business expenses.

VIOLATIONS:

RCW 9.46.075 Denying, suspending, or revoking a 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: (The following subsection applies.)

(1) 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 a 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.

WAC 230-15-405 Paying out prizes on a player-supported jackpot.

(1) Class F or house-banked licensees must award all player-supported jackpot funds as prizes; and

(2) Cash prizes of two thousand five hundred dollars or less may be paid in cash or chips; and

(3) Prizes not awarded in cash must be paid within twenty-four hours with a check that provides a duplicate copy; and

(4) Licensees must maintain a record of all prizes paid in the format we prescribe; and

(5) When a player wins a prize of five hundred dollars or more, in view of the surveillance camera, the dealer must:

(a) Display the value and suit of each card in the winning hand; and

(b) Count and put in numerical order by suit the remaining cards in the deck to confirm a complete deck; and

(6) Licensees must collect the hand and seal it with a copy of the prize record. Licensees must keep the winning hand and remaining deck on the business premises for seven days.

WAC 230-15-360 Defining "player-supported jackpot."

"Player-supported jackpot" (PSJ) means a separate contest of chance directly related to the play or outcome of an authorized nonhouse-banked card game.

(1) Only Class F or house-banked licensees may establish a prize fund to operate a PSJ for nonhouse-banked card games.

(2) In PSJs, licensees:

- (a) Collect funds from the players' wagers (the pot) for a separate prize; and
- (b) Act only as the custodian of the PSJ funds, including any interest earned on this money; and
- (c) Maintain no legal right to the funds, except for administrative fees; and
- (d) Must strictly account for all funds.

In June and July of 2012, the licensee withdrew more than \$21,000 from its PSJ bank account, causing the account to be deficient. These funds were not used as prizes in violation of WAC 230-15-405. The licensee also failed to act as a custodian of the funds and failed to maintain a strict accounting for the money, in violation of WAC 230-15-360. Therefore, grounds exist for the suspension or revocation of Wild Goose Casino's license to conduct gambling activities, based on RCW 9.46.075(1), WAC 230-03-085(1), WAC 230-15-405, and WAC 230-15-360(1) and (2).

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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, the enclosed 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 the mailing of this notice. Based on RCW 34.05.440, FAILURE TO RETURN THIS DOCUMENT WILL RESULT IN THE ENTRY OF A DEFAULT ORDER FOR A 30-DAY SUSPENSION YOUR LICENSES.

STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

David Trujillo 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 Deputy Director of the Washington State Gambling Commission, and in that capacity has executed said Notice.

David E. Trujillo
DAVID TRUJILLO, DEPUTY DIRECTOR

SUBSCRIBED AND SWORN TO before me
this 30 day of November, 2012.

Maureen Pretell
NOTARY PUBLIC in and for the State of
Washington residing at Thurston County
My commission expires on December 2, 2015



STATE OF WASHINGTON)
)
COUNTY OF THURSTON)

I certify I have this day served a copy of the document upon all parties of record in the proceeding by mailing a copy, property 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 30 day of November, 2012
Maureen Pretell