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JUL 31 2014

Gambling Commission
Comm. & Legal Division

STATE OF WASHINGTON
GAMBLING COMMISSION

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JUL 28 2014

Gambling Commission
Comm. & Legal Division

In the Matter of the Suspension or Revocation of the)
 Licenses to Conduct Gambling Activities of:) NO. CR 2013-01927
)
 Fraternal Order of Eagles #04122) **SETTLEMENT ORDER**
 Seattle, Washington,)
)
 Licensee.)
 _____)

I.

The Washington State Gambling Commission issued Fraternal Order of Eagles #04122, organization number 00-11245, the following licenses:

- Number 05-05863, authorizing Class "C" Punchboard Pull-Tab activity; and
- Number 08-00201, authorizing Class "A" Combination license.

The licenses expire on March 31, 2015, and were issued subject to the licensee's compliance with state gambling laws and regulations.

II.

The Assistant Director issued a Notice of Administrative Charges and Opportunity for an Adjudicative Proceeding to the licensee on January 30, 2014. On February 14, 2014, Commission staff received the licensee's request for a hearing. On April 8, 2014, an Amended Notice of Administrative Charges was issued. The following summary of facts and violations were alleged in the Notice of Administrative Charges.

SUMMARY:

Fraternal Order of Eagles #04122 (FOE), failed to maintain accurate monthly records. The licensee failed to deposit gambling revenue within two days and failed to keep accurate deposit records. Additionally, the licensee operated with an expired license from April 1, 2014 to June 24, 2014.

VIOLATIONS:

1) 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.

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

2) 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 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; 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 gambling activities, as demonstrated by: (a) Prior activities; or (b) Criminal record; or (c) Reputation; or (d) Habits; or (e) Associations.

3) RCW 9.46.170 False or misleading entries or statements, refusal to produce records.

Whoever, in any application for a license or in any book or record required to be maintained by the commission or in any report required to be submitted to the commission, shall make any false or misleading statement, or make any false or misleading entry or wilfully fail to maintain or make any entry required to be maintained or made, or who wilfully refuses to produce for inspection by the commission, or its designee, any book, record, or document required to be maintained or made by federal or state law, shall be guilty of a gross misdemeanor subject to the penalty set forth in RCW 9A.20.021.

4) WAC 230-07-060 Independent management structure required.

(The following subsections apply.)

(1) Charitable or nonprofit organizations and their officers or board of directors have an affirmative responsibility to conduct gambling activities according to the legislative intent in chapter 9.46 RCW.

(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; and
(c) Protect all assets of the organization from misuse or embezzlement.

5) WAC 230-07-090 Keeping and depositing all gambling funds separate from other funds.
(The following subsections apply.)

Charitable or nonprofit licensees must protect all funds generated from gambling activities and keep these funds separate from their general funds.

(1) Licensees must:

(f) Deposit all net gambling receipts, which they are holding, pending pay out:

(iii) From punch board and pull-tabs, including cost recovery for merchandise prizes awarded, no later than two banking days after they remove the board or series from play; and

(g) Record the Washington state identification number assigned to the punchboard or pull-tab series and the amount of net gambling receipts on the deposit slip/receipt. Licensees may record the number and the receipts on a separate record if they record the bank validation number and maintain the record with the deposit slip/receipt.

6) WAC 230-07-130 Additional recordkeeping for charitable or nonprofit licensees.
(The following subsection applies.)

(1) Charitable or nonprofit licensees, except agricultural fairs, must maintain records which clearly show how the licensee used or disbursed the funds from each licensed activity. These records must provide an audit trail satisfactory for us to verify that the funds were used for the licensees' stated purpose(s). These records must include, at least, canceled checks for the disbursements.

7) RCW 9.46.160 Conducting activity without license.
(The following subsection applies.)

Any person who conducts any activity for which a license is required by this chapter, or by rule of the commission, without the required license issued by the commission shall be guilty of a class B felony. If any corporation conducts any activity for which a license is required by this chapter, or by rule of the commission, without the required license issued by the commission, it may be punished by forfeiture of its corporate charter, in addition to the other penalties set forth in this section.

8) WAC 230-06-125 Renew your license in a timely manner.
(The following subsections apply.)

(1) Licensees must ensure a properly completed renewal application and all applicable fees are received at our administrative office in Lacey at least fifteen days before the expiration date on their license.

(2) If licensees do not submit a properly completed application and all fees and their license expires, they must immediately stop the gambling activity covered by their license.

(3) If your license expires, you must submit an application and you must not operate any gambling activity until a new license is issued.

Fraternal Order of Eagles #04122 (FOE), failed to maintain accurate monthly records, in violation of RCW 9.46.170. Additionally, the licensee failed to deposit gambling revenue within two banking days and failed to record required information, in violation of WAC 230-07-090.

The licensee also failed to maintain an independent management control system to supervise and operate gambling activities in compliance with rules and laws and failed to ensure protection of assets from misuse or embezzlement, in violation of WAC 230-07-060. FOE #04122's failure to keep accurate records is in violation of WAC 230-07-130. The licensee operated with an expired license for more than two months, in violation of WAC 230-06-125. Therefore, grounds exist for the suspension or revocation of FOE #04122's licenses to conduct gambling activities, based on RCW 9.46.075(1) and (8) and WAC 230-03-085(1), (3) and (8).

V.

The licensee acknowledges that it has read the Notice of Administrative Charges and understands the facts contained in it. The licensee has waived its right to a hearing based on the terms and conditions of this Settlement Order.

1) FOE #04122 agrees that its license is **suspended for a period of twenty (20) days**, provided that:

- a) **Five (5) days 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 five-day deferred suspension of the current gambling license and any subsequently acquired gambling licenses.
- b) The parties agree that the Director of the Washington State Gambling Commission, pursuant to this Settlement Order, has discretion to determine whether the licensee has violated any term of this Settlement Order. In the event the Director determines that a violation has occurred, he may suspend the license issued to the licensee, and any subsequently acquired licenses, for up to five days, by mailing or delivering a Notice of Administrative Charges to the licensee. This suspension shall be in addition to any consequences of the new violation. The licensee shall be afforded the opportunity to have an Adjudicative Proceeding, which includes a hearing on the alleged violations.
- c) **The licensee shall serve the remaining fifteen (15) days of this suspension, as follows:**
 - **The suspension period will begin at 8:00 a.m. on August 4, 2014, and runs through August 18, 2014.**
 - **The licensee may resume gambling activities at 8:00 a.m. on August 19, 2014.**
- d) During this period of suspension, the licensee shall not conduct any gambling activities.

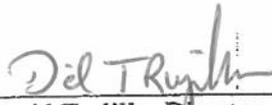
2) **The signed Settlement Order must be received by Commission staff by July 31, 2014.**
Please mail to Commission Headquarters at the following address:

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; Third Floor
Lacey, WA 98503



David Trujillo, Director,
Washington State Gambling Commission

7/30/2014
(Date Signed)

APPROVED FOR ENTRY:

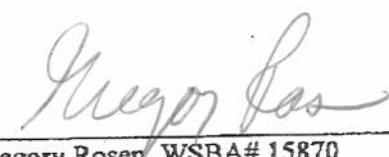
By its signature, the licensee understands and accepts the terms and conditions of this Order.

APPROVED AS TO FORM:

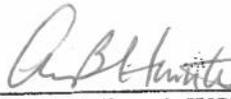


Teresa Roe, Highest Ranking Member (Date)
FOE #04122

7/24/14



Gregory Rosen, WSBA# 15870
Assistant Attorney General
Representing the Washington State
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 *Amy B. Hunter*
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