

# CARD ROOM CONNECTION

OFFICIAL NEWSLETTER OF THE WASHINGTON STATE GAMBLING COMMISSION  
FOR CARD ROOM OPERATORS AND CARD ROOM EMPLOYEES

January - June 2014 Edition

## Final Edition!

This is the final edition of the Card Room Connection Newsletter.

The purpose of our newsletters is to get useful information to you, our licensees. We post newsletters on our website as an archive, to provide education, and as a way to promote voluntary compliance.

As we look for more ways to reduce costs, this newsletter was explored. Discontinuing this newsletter will save about \$6,000 a year in printing and mailing costs. Additionally, staff time spent formatting and preparing the newsletter for publication can be used toward other priorities. In addition to saving time and money, there is more good news.



Articles in this newsletter are also published in the Focus on Gambling Newsletter, our general licensee newsletter which is published quarterly.

We invite you to subscribe to the Focus on Gambling Newsletter and we'll e-mail it to you.

**Subscribe today, it's free and easy!**

- **If you have a My Account**, Sign In, select Update Account Settings, Sign-up and Manage E-mail Notifications, choose the notices you want to receive and click Save Settings.
- **If you don't have a My Account**, visit our website at [wsgc.wa.gov](http://wsgc.wa.gov), under Stay Connected select E-Mail Signup, enter your e-mail address, choose the notices you want to receive and click Update.

*(Continued on page 2)*

## Proposed Fee Increase

The Commissioners asked staff to bring forward two alternative fee increases for filing at the July 2014 Commission meeting.

Alternative #1: 6% fee increase effective November 1, 2014.  
Alternative #2: 4% fee increase effective November 1, 2014, followed by a 2% increase effective November 1, 2015.

The rules were filed for further discussion and will be discussed again at the August and September 2014 Commission meetings. See page 9 for a schedule of Commission meeting dates and locations and page 7 for information about the rule review process.

If you are unable to attend a meeting to share your comments, you may submit them to Susan Newer, Rules Coordinator, at [Susan.Newer@wsgc.wa.gov](mailto:Susan.Newer@wsgc.wa.gov) or P.O. Box 42400, Olympia, WA 98504. Your comments will be forwarded to the Commissioners for their consideration.

## Commissioner Update



**Julia Patterson** was appointed as a Commissioner by Governor Inslee in April 2014. Commissioner Patterson is a former member of the Metropolitan King County Council, Washington State Senate, Washington State House of Representatives and the SeaTac City Council. Her public service career spans 24 years.



**Bud Sizemore** was appointed as a Commissioner by Governor Inslee in April 2014. Commissioner Sizemore is a former Mayor Pro Tempore and member of the Covington City Council and Legislative Liaison for the Washington State Council of Fire Fighters. He is a fire fighter with the Kent Fire Department Regional Fire Authority.

*(Continued on page 4)*

## Field Operations Regulatory Reform Program



Greetings. My name is Mark Harris and I am the Assistant Director for Field Operations.

I am writing this article to let you know about our regulatory reform program and the progress we have made toward this program's goals.

We regularly evaluate our regulatory processes to ensure they add value and that we are not placing unnecessary burdens on individuals or organizations.

This is in line with one of our agency goals of "Anticipating and responding to the evolving gambling industry."

As part of our regulatory reform process, we recently changed the Class F and Class House-Banked Internal Control Templates and Card Room Daily Control Records Packets.

We also reviewed card room rules for areas that created extra burdens for us and licensees without contributing significantly to our mission of "Protecting the public."

We proposed the first package of rule changes to the Commissioners at their March 2014 meeting and these changes were adopted at their May meeting (see page 6).

A second package of proposed rule changes pertaining to card rooms is anticipated later in 2014. We will continue this process with other gambling activities after that.

To advance our regulatory program, I have formed a work group of field agents and supervisors from across the state to thoroughly review and revise our current regulatory process. The work group has been meeting twice a month since December 2013.

The focus of the work group is to determine how to streamline regulation while still meeting our mission of "Protecting the public by ensuring gambling is legal and honest."



We recognize that as risks, the gambling industry, and trends change, so should the primary focus of our regulatory program.

The work group continues to focus our regulatory efforts using a risk based model of regulation and enforcement to determine the best method to complete needed compliance inspections.

The work group has completed revisions to our punchboard/pull-tab (PB/PT), bingo, card room, amusement game, raffle, and fund raising event regulatory programs. The changes include streamlining our regulatory programs by:

- ◇ Discontinuing records inspections at licensees every three years as most steps are already performed during routine inspections.
- ◇ Removing duplication for licensees with multiple licenses like a bingo and PB/PT license.
- ◇ Combining and removing areas to be reviewed.
- ◇ Reducing and changing our frequency of inspections.

This will be a continuing process where we re-evaluate programs for each activity annually to continue focusing our efforts on the areas of risk and changes to the gambling industry in Washington.

If you have ideas on how to further reduce duplication, please e-mail me at [Mark.Harris@wsgc.wa.gov](mailto:Mark.Harris@wsgc.wa.gov)

### Last Edition!

*(Continued from page 1)*

Some newsletter information is also posted separately on our website. For example:

- ◇ The [Commission meeting schedule](#) is posted under [Public Meetings](#); and
- ◇ [Administrative Actions](#) are posted under [Licensing / Pending Cases & Final Orders](#).

The first edition of this newsletter was published in 2000 as a cost efficient way to get card room news, rule changes, and updates to the card room industry.

We will continue to work closely with you to ensure your questions are answered and you get the training and information you need.

Remember to sign-up to have the Focus on Gambling newsletter e-mailed to you!

If you have questions about this newsletter or other publications, please contact me at [Susan.Newer@wsgc.wa.gov](mailto:Susan.Newer@wsgc.wa.gov) or (360) 486-3466.

If you need help with gambling rules and requirements, don't hesitate to contact your local field agent.

## Always Disclose Your Criminal History

By: Julie Sullivan, Licensing Operations Division

Did you know you are responsible for reporting any new criminal actions filed against you?



Commission rules state you have 30 days to report, in writing, all criminal actions filed against you. This includes criminal traffic.

All licensees must report, whether you are a Card Room Employee or own a licensed establishment. And, your reporting requirements do not end here.

After a final decision or ruling on your criminal case has been made, you have 30 days to submit a copy of the final written decision to us. You are also required to report at your license renewal time. See WAC 230-06-085 for details.

An example of a good disclosure would look something like this:

“My name is Jane Doe, my license number (or social security number) is 68-XXXXX. On May 1, 2014, I was arrested for 4<sup>th</sup> Degree Assault, Domestic Violence. My next court date is July 1, 2014.”

False or misleading statements can put your license at risk, so it is important that your statement is clear. In the above example Ms. Doe stated exactly what her charge was, “4<sup>th</sup> Degree Assault, Domestic Violence.”

If Ms. Doe only disclosed “assault,” but was actually charged with a felony assault, we may determine her statement was misleading, even if that was not her intention.

Remember gambling laws state it is a licensee’s responsibility to prove by clear and convincing evidence they continue to qualify for a license. See RCW 9.46.153 for more information.

E-mail or FAX your statements to:  
[Julie.Sullivan@wsgc.wa.gov](mailto:Julie.Sullivan@wsgc.wa.gov), or FAX (360) 486-3631.

For questions, contact Special Agent Julie Sullivan at (360) 486-3560.

## Tips When Applying for Individual Licenses

By: Philette Hamakau-Ling, Licensing Operations Division

We offer several types of “individual” licenses. For example, we license card room employees, manufacturer and distributor representatives, and gambling managers.

If you have an individual license or are thinking about applying for one, here are tips to help you expedite getting a license in your hand.

### New Applicants

To avoid delays in processing your new application for a license, please use the most current version of the application, which is posted on our website at <http://www.wsgc.wa.gov/forms/apps/4-022-f-individual-licensee.pdf>. See article on next page to learn about recent changes to this application.

Tips for submitting a complete application:

- Answer all questions.
- Enter N/A (non-applicable) if a question does not apply to you.
- Include a clear copy of your positive identification.
- Get your fingerprints rolled at your local law enforcement office or at our office in Lacey.
- Submit a check or money order for the exact license fee amount.

By submitting a complete application, we won’t need to contact you to request additional information. This means we can process your application faster and get a license to you sooner.

### Renewing your License

We create a renewal application especially for you. Each renewal application is specific to each employee, so do not use someone else’s renewal application.

Tips for submitting a complete renewal application:

- Make sure your employer signs your application.
- Submit a check or money order for the exact license fee amount.
- Update your address, if it has changed.

In November of 2013, our website got a new look. You may notice some links or information have moved. If you need help finding something, please call the Individual’s Licensing Unit at (360) 486-3440, extension 2331 and we will help you find what you are looking for.

## New Individual Application and License

By: Elizabeth Barrett, Licensing Operations Division

In our continuing efforts to streamline the application process and reduce printing costs, a new individual application has been created.

The new individual application combines four different applications previously used by individuals applying for a gambling license.

The new individual application will be used by applicants for a Public Card Room Employee, Non-profit Gambling Manager, Commercial Gambling Manager and Gaming Representative license.

You can find the new application on our website. Please get rid of all old applications and use this new one.

We also changed the look of the individual license, which you will see in the very near future.

To the right is an example of what the new individual license will look like.

For questions, call the Individuals Unit at (360) 486-3440 ext. 2331.



## Gambling on Credit is Not Allowed

By: Greg Thomas, Program Manager, Northwest Region

WAC 230-06-035 prohibits licensees or their employees from allowing any person to gamble on credit and from loaning money to players to gamble.

Players must pay in advance of participating in a gambling activity. However, the payment for punchboard or pull-tab purchases of ten dollars or less can be collected immediately after play is completed.

If you or your employees allow players to play on credit or loan money to players to gamble, your gambling license may be in jeopardy.

## Commissioner Update Continued

*(Continued from page 1)*



**Margarita Prentice** resigned as a Commissioner effective March 2014. She was appointed as a Commissioner in August 2012. Prior to this appointment, she served 18 years as a State Senator and Ex Officio member of the Commission.



**Geoff Simpson** resigned as a Commissioner in April 2014. He was appointed in August 2013. He previously served as an Ex Officio member.

## New Ex Officio Appointed



**Representative Bruce Chandler**, 15<sup>th</sup> District, was appointed as an Ex Officio member by Speaker of the House Frank Chopp in December 2013. He replaced Representative Gary Alexander, 2<sup>nd</sup> District, who served from 2007 to 2013, and recently retired from the legislature.

Representative Chandler has been a State Representative since 1999. He has more than 30 years of experience in the fruit industry and currently owns/operates a commercial fruit orchard near Granger.

Four members of the legislature act as ex officio members of the Commission and vote to approve or amend Tribal-State Class III Gaming Compacts. They also serve an important liaison role between the Commission and Legislature.



## Recently Adopted Rule Changes

### Background Checks on Landlords

Effective Date: July 1, 2014

Administrative Order: 700

#### **WAC 230-03-061 Fingerprinting persons holding an interest in the building of house-banked card room licensees or charitable or nonprofit licensees in regulatory groups III, IV, or V.**

The Commissioners approved a new rule to make our rules consistent with RCW 9.46.070(7) by requiring persons holding an “interest” in a building used for a gambling activity to undergo background checks.

### Gambling Equipment

Effective Date: July 1, 2014

Administrative Order: 696

#### **WAC 230-06-050 Review of electronic or mechanical gambling equipment.**

#### **WAC 230-06-054 Notification of electronic or mechanical gambling equipment malfunctions.**

The Commissioners approved amendments to WAC 230-06-050 to codify our current practice of:

- Requiring all costs associated with the review of gambling equipment to be paid in full at the completion of the review.
- Requiring the version of gambling equipment/software submitted for review to be identical or substantially similar to what is marketed and used in Washington State.
- Including any security and surveillance requirements in our approval letter that must be met to operate the equipment.
- Requiring a business to be licensed and their gambling equipment approved by us before the equipment may be sold or leased in Washington State.

The Commissioners also approved a new rule, WAC 230-06-054, which requires licensees to notify us within 72 hours of identifying or becoming aware of an electronic or mechanical gambling equipment malfunction.

### Stay Hearings

Effective Date: May 12, 2014

Administrative Order: 697

#### **WAC 230-17-170 Petition and hearing for stay of the summary suspension.**

The Commissioners approved a rule change to allow stay hearing to be held within 14 days rather than seven, after we receive a licensee’s request for a stay hearing. This allows additional time for all parties to prepare for the hearing and is consistent with other state agencies.

### Card Game Rules

Effective Date: July 1, 2014

Administrative Order: 699

#### **WAC 230-15-025 Hours of play.**

#### **WAC 230-15-111 Destruction and disposal of gambling chips.**

#### **WAC 230-15-335 Internal controls.**

#### **WAC 230-15-430 Internal control requirements.**

#### **WAC 230-15-465 Dealing all house-banked card games from a dealing shoe:**

#### **WAC 230-15-505 Selling gambling chips to players.**

#### **WAC 230-15-565 Access and entrance to cashier’s cage.**

#### **WAC 230-15-575 Separate imprest bank allowed for nonhouse-banked card games.**

#### **WAC 230-15-580 Accepting checks at the cashier’s cage.**

#### **WAC 230-15-380 Seeding a player-supported jackpot.**

#### **WAC 230-15-385 Collecting funds for a player-supported jackpot.**

#### **WAC 230-15-480 Commission on winning hands.**

#### **WAC 230-15-250 Recordkeeping for card tournaments.**

#### **WAC 230-15-355 Counting procedures for fees.**

#### **WAC 230-15-400 Accounting for player-supported jackpot funds.**

#### **WAC 230-15-530 Completing the credit process.**

#### **WAC 230-15-560 Operating the cashier’s cage.**

#### **WAC 230-15-620 Concluding the count.**

#### **Repealed Section: WAC 230-15-570 Cashier’s cage bank requirements.**

The Commissioners approved changes to nineteen card game rules. These changes were made in conjunction with the card room industry to simplify and streamline requirements. See article on page 2 for more about our regulatory reform program.

**View and print the full text of recently adopted rule changes at:  
[Rules & Laws / Recent Rule Revisions](#)**

## Rule Changes Under Review at the August 2014 Commission Meeting

### Up For Possible Filing

#### **House-Banked and Class F Card Room Surveillance WAC 230-15-295 Digital video recording equipment requirements.**

Updating digital video recording requirements for house-banked and Class F card rooms.

#### **Financial Statement for House-Banked Card Rooms WAC 230-15-740 Preparing required financial statements.**

Increasing the dollar limit, from \$3 million to \$6 million, in determining the level of service required by a certified public accountant in preparing financial statements for house-banked card rooms.

#### **Appointing a Resident Agent WAC 230-03-052 Resident agent to be appointed by out-of-state applicants and licensees.**

A Petition for Rule Change was submitted by Nathan Schreiner, representing the Little Creek Casino, regarding requirements for resident agents.

### Up For Final Action

#### **Nonhouse-Banked Card Games WAC 230-15-030 Authorized nonhouse-banked card games.**

A Petition for Rule Change was submitted by Omega Gaming USA, a licensed distributor, requesting an amendment to allow nonhouse-banked card games to be approved by the director or the director's designee.

### Further Discussion

#### **License and I.D. Stamp Fee Increase WAC 230-05-020 Charitable or nonprofit organization fees.**

#### **WAC 230-05-025 Commercial stimulant fees.**

#### **WAC 230-05-030 Fees for other businesses.**

#### **WAC 230-05-035 Individual license fees.**

The following two alternatives will be discussed further:  
**Alternative #1:** 6% fee increase effective November 1, 2014.

**Alternative #2:** 4% fee increase effective November 1, 2014, followed by a 2% increase effective November 1, 2015.

### Sign-Up for E-Mail Notices

Details about proposed rule changes are posted on our website about seven days before each Commission meeting under [Public Meetings](#). Sign-up today to have meeting information e-mailed to you as soon as it's posted on our website.

- **If you have a My Account**, Sign In, select Update Account Settings, Sign-up and Manage E-mail Notifications, choose the notices you want to receive and click Save Settings.
- **If you don't have a My Account**, visit our website at [wsgc.wa.gov](http://wsgc.wa.gov), under Stay Connected select [E-Mail Signup](#), enter your e-mail address, choose the notices you want to receive and click Update.

### How to Comment on Rule Changes

Proposed rule changes are generally discussed at one or two Study Sessions and two or more Commission meetings.

If you want to comment on a proposed rule change and can't attend a meeting, send your comments to us at:

Washington State Gambling Commission  
Attention: Rules Coordinator  
P.O. Box 42400, Olympia, WA 98504-2400  
E-mail: [RulesTeam@wsgc.wa.gov](mailto:RulesTeam@wsgc.wa.gov)

**Commission meetings** are held once a month on the second Thursday and Friday of each month. Meetings are not held in June and December. Check our website as meeting dates get closer, as meetings are sometimes changed to a one-day meeting.

**Study sessions** are held Thursday mornings before Commission meetings (10:30 a.m. to noon, unless it's a one-day Commission meeting, then they will begin earlier in the day). These informal meetings give you an opportunity to meet with us and discuss current issues, proposed rule changes, enforcement questions, legislative bills, etc.

#### **Outline of the Rule Review Process:**

- Rule changes are first discussed at a Study Session.
- The next month (second month), proposed rule changes are Up for Discussion and Possible Filing at a Commission meeting and the Commissioners generally vote to file proposed changes for further discussion.
- The next month (third month), rules are discussed at a Study Session again.
- The following month (fourth month), rules are Up for Final Action where the Commissioners will decide whether to adopt the proposed change or not. Any additional comments from staff, licensees, and the public are discussed at this meeting. If additional time is needed to determine final action, the Commission, staff, or a member of the public can request the rules be held over to the next meeting for further review.

# Administrative Case Update

A Statement of Administrative Charges was issued to the following licensees:

Name	Violation	Case Outcome
Freddie’s Club of Renton	<ul style="list-style-type: none"> <li>● Failure to Submit Quarterly Activity Reports (QARs)</li> <li>● Player-Supported Jackpot Violations</li> </ul>	<ul style="list-style-type: none"> <li>● Prior to hearing, the licensee agreed to a 25-day suspension, with 20 days deferred for one year and five days vacated by a fine of \$28,632.</li> </ul>
Glory R. MacKenna, of Wenatchee, CRE (formerly employed by Buzz Inn Steakhouse)	<ul style="list-style-type: none"> <li>● Failure to pay a Notice of Violation and Settlement for failing to accurately report tips.</li> </ul>	<ul style="list-style-type: none"> <li>● The licensee agreed to surrender her license.</li> </ul>
Classic Island Casino, Kennewick	<ul style="list-style-type: none"> <li>● Failure to Pay Gambling Taxes</li> </ul>	<ul style="list-style-type: none"> <li>● In the Commission’s Amended Final Order, the Commission upheld the finding of willful disregard. The Commission also determined Classic Island Casino’s licenses were surrendered, instead of revoked.</li> </ul>
Jacob C. Shepherd, of Oak Harbor, Card Room Employee (CRE) (formerly employed by Element Casino)	<ul style="list-style-type: none"> <li>● Settlement Order Violation</li> </ul>	<ul style="list-style-type: none"> <li>● The licensee did not respond to the charges, and a Default Order revoking Mr. Shepherd’s license was entered at the March Commission meeting.</li> </ul>
Adam Kilminster, of Kenmore, CRE (formerly employed by Silver Dollar Casino)	<ul style="list-style-type: none"> <li>● Theft</li> </ul>	<ul style="list-style-type: none"> <li>● Prior to hearing, the licensee agreed to surrender his license.</li> </ul>
Aces Casino Entertainment, Spokane	<ul style="list-style-type: none"> <li>● Undisclosed transfer of Aces Casino ownership</li> <li>● Internal Control Violation</li> </ul>	<ul style="list-style-type: none"> <li>● A Settlement in Lieu of Administrative Charges was issued.</li> <li>● The parties agreed Aces Casino Entertainment’s license would be suspended for 15 days, with ten days deferred for one year and five days vacated by costs of \$5,000.</li> </ul>
Washing J. Chen, of Kent, CRE (formerly employed by Roman Casino)	<ul style="list-style-type: none"> <li>● Criminal History</li> </ul>	<ul style="list-style-type: none"> <li>● The Administrative Law Judge (ALJ) issued an Initial Order revoking Washing Chen’s license.</li> </ul>
Kao C .Saechao, of Kent, CRE (formerly employed by Lucky Dragonz Casino)	<ul style="list-style-type: none"> <li>● Criminal History</li> </ul>	<ul style="list-style-type: none"> <li>● The license requested a hearing; however, the request was late.</li> <li>● A Default Order revoking Mr. Saechao’s license was entered at the January Commission meeting.</li> </ul>
Hong T. Nguyen, of Vancouver, Applicant (Application with Lucky 21 Casino)	<ul style="list-style-type: none"> <li>● Criminal History</li> </ul>	<ul style="list-style-type: none"> <li>● The applicant did not respond to the administrative charges.</li> <li>● A Default Order revoking Ms. Nguyen’s license was entered at the January Commission meeting.</li> </ul>
Joshua Wilson, of Silverdale, CRE (formerly employed by All Star Casino)	<ul style="list-style-type: none"> <li>● Fines, Fees, and Failures to Appear</li> </ul>	<ul style="list-style-type: none"> <li>● The licensee did not appear at the hearing.</li> <li>● The ALJ issued an Order Dismissing Appeal as Untimely and Alternative Default Order.</li> </ul>

# Administrative Case Update

A Statement of Administrative Charges was issued to the following licensees:

Name	Violation	Case Outcome
Jing-Ru Lu, of Seattle, CRE (formerly employed by Riverside Casino)	<ul style="list-style-type: none"> <li>• Theft</li> </ul>	<ul style="list-style-type: none"> <li>• The ALJ issued an Initial Order revoking Mr. Lu's license.</li> </ul>
Arong E. Phoumkeo, of Everett, CRE (formerly employed by The Hideaway)	<ul style="list-style-type: none"> <li>• Theft</li> </ul>	<ul style="list-style-type: none"> <li>• Prior to a hearing, the licensee agreed to surrender his license.</li> </ul>
Juan R. Correa, of Zillah, Class III Employee (Yakama Tribal Gaming Commission took action against the certified employee's tribal license)	<ul style="list-style-type: none"> <li>• Theft</li> </ul>	<ul style="list-style-type: none"> <li>• The certified employee did not respond to the charges, and a Default Order revoking Mr. Correa's certification was entered at the January Commission meeting.</li> </ul>
Linda L. Schaefer, of Hayden, ID, CRE (formerly employed by Ringo's Little Vegas Casino)	<ul style="list-style-type: none"> <li>• Settlement Order violation</li> <li>• Administrative History</li> </ul>	<ul style="list-style-type: none"> <li>• The ALJ issued an Initial Order revoking Ms. Schaefer's license.</li> </ul>
Brian C. Zepeda, of Puyallup, Card Room Employee (CRE) and Class III Employee (formerly employed by Freddie's Club and Nisqually Tribe)	<ul style="list-style-type: none"> <li>• Criminal History</li> </ul>	<ul style="list-style-type: none"> <li>• Prior to hearing, the licensee agreed to surrender his licenses.</li> </ul>
James L. Contreras, of Maple Valley, Class III Employee (Snoqualmie Tribal Gaming Commission took action against the certified employee's tribal license)	<ul style="list-style-type: none"> <li>• Embezzlement</li> </ul>	<ul style="list-style-type: none"> <li>• The certified employee did not respond to the charges, and a Default Order revoking Mr. Contreras' certification was entered at the March Commission meeting.</li> </ul>

## Washington State Gambling Commission Meeting Schedule

**August 14 & 15, 2014**

**Comfort Inn Conference Center**  
 1620 74th Avenue SW  
 Tumwater, WA 98501 – (360) 352-0691

**September 11 & 12, 2014**

**Comfort Inn Conference Center**  
 1620 74th Avenue SW  
 Tumwater, WA 98501 – (360) 352-0691

**October 9 & 10, 2014**

**Spokane Davenport Hotel**  
 10 South Post Street  
 Spokane, WA 99201 – (509) 455-8888

**November 13 & 14, 2014**

**Comfort Inn Conference Center (Tentative)**  
 1620 74th Avenue SW  
 Tumwater, WA 98501 – (360) 352-0691

**December 2014**

**NO MEETING**

## Notice of Violation and Settlement

The Notice of Violation and Settlement (NOVAS) is a way to resolve some gambling rule violations without going through the full administrative process. A NOVAS is issued by a field agent at the time of the violation. The written notice outlines the violation and how to correct it. Fines range between \$200 and \$500. The violation must be corrected and the fine paid within 15 days, or administrative action will be taken against the gambling license.

### The Following NOVAS Were Issued During October 2013-June 2014

House-Banked Card Rooms		Card Room Employees Continued	
<b>Allowed a minor to gamble</b>		<b>Failed to follow internal controls- Accurate tip reporting</b>	
All Star Casino	Silverdale	Chan Nhothsavath	Silver Dollar Casino, SeaTac
<b>Failed to properly control and account for cards in play</b>		Jennifer Soung-Goette	Wizard's Casino, Burien
Buzz Inn Steakhouse	East Wenatchee	Jennifer Woodall	Coyote Bob's Casino, Kennewick
<b>Failed to follow internal controls</b>		Jon Blankenship	Crazy Moose Casino, Mountlake Terrace
Lancer Lanes Casino	Clarkston	Kunthea Men	Silver Dollar Casino, SeaTac
<b>Failed to make sure the surveillance room was manned</b>		Maria Teresa Madis	Hawk's Prairie Casino, Lacey
Lancer Lanes Casino	Clarkston	Eric Slider	Lilac Lanes and Casino, Spokane
<b>Failed to keep accurate records regarding card inventory</b>		Sara Sok	Roxy's Bar and Grill, Seattle
Joker's Casino	Richland	Say Vongkhamchanh	Roxy's Bar and Grill, Seattle
<b>Failed to properly maintain video/audio recordings</b>		Sokim Keal	Roxy's Bar and Grill, Seattle
Lancer Lanes Casino	Clarkston	Vanna Yan	Roxy's Bar and Grill, Seattle
<b>Card Room Employees</b>		Sonyong Dimond	Club Hollywood Casino, Shoreline
<b>Allowed a minor to gamble</b>		<b>Extended credit to gamble</b>	
Anthony York	All Star Casino, Silverdale	Nghia Chau	Diamond Lil's, Renton
<b>Allowed intoxicated patrons to gamble</b>		<b>Worked with an expired license</b>	
Brett Roe	Crazy Moose Casino, Pasco	Jacob Derricott	Royal Casino, Everett
Edward Pola	Caribbean Casino, Yakima	<b>Failed to properly transport and secure drop boxes</b>	
Jesus Velasquez	Caribbean Casino, Yakima	Jessica Dixon	Black Bear Casino, Spokane Valley
John Ilog	Crazy Moose Casino, Pasco	Matthew Wiley	Black Bear Casino, Spokane Valley
Michael Duddy	Crazy Moose Casino, Pasco	<b>Failed to account for table inventory</b>	
Nyles Wilson	Crazy Moose Casino, Pasco	Chester Morgan	Red Dragon Casino, Mountlake Terrace

## Protecting Your Assets

By: Gary Drumheller, Eastern Region Field Operations Division

As we continue to regulate gambling establishments we also help our licensees protect assets from those that are in it only to make a quick buck illegally. Financial institutions are taking a stronger look at fraud and so is the federal government.

The Bank Secrecy Act (BSA) requires various businesses to complete certain forms. The reason for this requirement is to detect and prevent money laundering, and assist in preventing individuals from engaging in money laundering. The federal government requires some businesses, such as financial institutions and casino's, to file reports on certain financial transactions. Casino's and card rooms with gross receipts greater than one million dollars are required to comply with the provisions outlined in the BSA.

Gambling establishments must take adequate steps to identify their money laundering risk, put in place appropriate controls to mitigate that risk, and take steps to ensure that the controls are being effectively implemented.

To assist you in placing adequate controls, an article written by Chris Baysden, Senior Editor for the AICPA Magazines and Newsletter Team, interviewed Matt Mitchell. Mitchell is a fraud prevention officer for Caesars Palace in Las Vegas, Nevada. Here is the advice Mitchell provides businesses looking to start or improve a fraud prevention and detection program:

**Analyze the data that you have.** Point-of-sale systems typically offer a wealth of data, and some sets of it-once properly identified and tracked-can be powerful clues in fraud detection. "Once you start that process, the fraudsters immediately rise to the top-it's like cream," Mitchell said.

For example: Restaurants often use comp codes that allow managers to give patrons free meals-to compensate for poor service. Keeping track of the average number of comps can help auditors determine if servers are actually comping a meal in the system then pocketing the cash that was meant to pay for it. That practice can be a costly problem in swanky restaurants such as those found in casinos, because bills can easily reach several hundred dollars.

Point-of-sale systems that record every keystroke at a terminal can also be used to detect patterns indicative of fraud. "If I see a cancel check button followed within the next 30 seconds by an open drawer button or something

like that-that's not normal," Mitchell said. "So I can build analytics to identify those anomalies and report out on it." Suddenly, thousands of pages of journal data can be transformed into a quick recap of when and where suspect transactions occurred.

### ***Don't underestimate the power of surveillance.***

Accountants are good at spotting fraud red flags in the data. But organizations also need experts skilled in video or in-person surveillance to back up the accountants' observations. "Once you can marry those, you can almost always pursue prosecution," Mitchell said of fraud on the casino floor and in the hospitality side of the business. "Just the data itself won't get you to that next step. You need to have that linkage with the surveillance."

**Constantly evaluate your control procedures.** Controls are a balancing act, especially in a service industry. Organizations don't want to give frontline employees the figurative key to the castle-such as a comp code, for instance. At the same time, managers aren't always available to deal with a client's problem as quickly as good customer service would dictate. Mitchell said that he's always asking, "What's the balance between too little access and too much access?" Some organizations don't give frontline employees any ability to deal with transactions like a comp. Others go the opposite route, relying on coaching and reviewing to address any potential abuse.

**Integrity, tenacity, and attitude are crucial components when hiring fraud prevention personnel.** "The folks that are on our teams that have done really well with this have a sense of ownership in the business," he said. "They are personally offended when somebody steals from the business."

**Don't be afraid to start small.** Beginning a fraud prevention program can seem like a daunting task, especially if management isn't keen on footing the bill for startup costs. But there's never a bad time to initiate such a program, even if it means beginning with baby steps. "Get some wins under your belt," Mitchell said. "When that happens and you can prove, even on a small scale, what the realizable outcome is, then I think that the business's leaders will see the value in creating a prevention program."

In addition to Mitchell's suggestions, if you have questions or would like some other advice on protecting assets from fraudulent activity, as well as, ensuring your business complies with BSA requirements, please contact your local gambling agency representative.

## OUR MISSION:

**PROTECT THE PUBLIC BY ENSURING THAT GAMBLING IS LEGAL AND HONEST.**

**CALL A GAMBLING FIELD AGENT  
CLOSEST TO YOU FOR REGULATORY  
OR OPERATIONAL QUESTIONS:**

EVERETT	(425) 304-6300
KENNEWICK	(509) 521-8070
PORT ORCHARD	(360) 769-9113
RENTON	(425) 277-7022
SPOKANE/YAKIMA	(509) 325-7900
TACOMA	(253) 671-6280
TOLEDO	(360) 864-4240
VANCOUVER	(360) 576-6012
WENATCHEE	(509) 663-9660

## Stay Connected with Us



Follow Us @WAGambling



E-Mail Updates



Training & Problem Gambling Resource Videos



Frequently Asked Questions



E-Mail Your Question to Us



RSS Feed

### Commissioners

Mike Amos, Chair  
Kelsey Gray  
Chris Stearns  
Julia Patterson  
Bud Sizemore

### Ex Officio Members

Senator Steve Conway  
Senator Mike Hewitt  
Representative Chris Hurst  
Representative Bruce Chandler

IF YOU  
OR SOMEONE  
YOU KNOW HAS A  
**GAMBLING PROBLEM**  
HELP IS AVAILABLE

**1-800-547-6133**

### Washington State Gambling Commission

Headquarters Mailing Address: P.O. Box 42400, Olympia, Washington 98504-2400

Headquarters Location: 4565 - 7th Avenue, Lacey, Washington 98503

Phone: (360) 486-3440: Toll-Free: (800) 345-2529 (in-state only): TDD: (360) 486-3637

Website: [www.wsgc.wa.gov](http://www.wsgc.wa.gov)

E-mail: [AskUs@wsgc.wa.gov](mailto:AskUs@wsgc.wa.gov)

Twitter: [WAGambling](https://twitter.com/WAGambling)

Editor: Susan Newer, Rules Coordinator and Public Information Officer

Layout and design: Julie Owen, Secretary Senior

This newsletter is published twice a year by the Washington State Gambling Commission.

Do you have questions or comments about our newsletter: Please e-mail [Susan.Newer@wsgc.wa.gov](mailto:Susan.Newer@wsgc.wa.gov)