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, 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 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)
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.

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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.

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 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 4th 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, “4th 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@wsge.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.wsge.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.

New Ex Officio Appointed

Representative Bruce Chandler, 15th District, was appointed as an Ex Officio member by Speaker of the House Frank Chopp in December 2013. He replaced Representative Gary Alexander, 2nd 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.
Internet Gambling Is Illegal

The Washington State Constitution (Article II Section 24) prohibits all gambling activities unless the activity is specifically authorized in State law. Internet gambling has never been authorized; it is illegal in Washington State (RCW 9.46.240).

It is illegal to:
- Operate an Internet gambling site.
- Gamble on the Internet.
- Install or maintain equipment to send or receive gambling information.
- Facilitate Internet gambling in any way.

Internet gambling is risky business for players:
- Players have no recourse if they are not paid or cheated.
- Players put themselves at risk of credit card fraud, identity theft, or other financial crimes by disclosing information that should be kept secure.

For more information, please see the Internet Gambling brochure posted on our website under publications.

Online Social Gaming

Social Gaming is growing at an unprecedented rate and with it comes questions. In response to these questions, a new brochure was added under Publications on our website. The brochure provides general guidance to help you determine if you are playing on, or operating, a legal Social Gaming website in Washington State.

What is Social Gaming? The Oxford dictionary defines Social Gaming as the activity or practice of playing an online game on a social media platform, with a major emphasis on friends and community involvement.

Social Gaming ranges from tending a farm to playing a soldier in combat. Ideas for new games are constantly thought up.

Some popular social games involve:
- Role playing;
- Adventure;
- Arcade style games; and
- Casino style games.

Social Gaming is legal in Washington State if no gambling takes place.

What is Gambling? Gambling involves 3 elements:
1. Prize;
2. Consideration (something of value, wager, fee to play); and

Legal: If one of the 3 elements of gambling is removed, the game is not gambling. Things to keep in mind, to keep it legal:
- There must be a way to play for free.
- If “real” money can be used to enhance or extend play, there must be no prize.

Illegal: If a Social Game has the 3 elements of gambling, it is illegal and cannot be played, or operated, in Washington State. It is illegal to solicit Washington residents to play illegal Social Games.

For more information, please see the Online Social Gaming brochure posted on our website under publications.
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 230-15-505 Selling gambling chips to players.
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 230-15-400 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
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, 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

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:

<table>
<thead>
<tr>
<th>Name</th>
<th>Violation</th>
<th>Case Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freddie’s Club of Renton</td>
<td>● Failure to Submit Quarterly Activity Reports (QARs)</td>
<td>● 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.</td>
</tr>
<tr>
<td></td>
<td>● Player-Supported Jackpot Violations</td>
<td></td>
</tr>
<tr>
<td>Glory R. MacKenna, of Wenatchee, CRE (formerly employed by Buzz Inn Steakhouse)</td>
<td>● Failure to pay a Notice of Violation and Settlement for failing to accurately report tips.</td>
<td>● The licensee agreed to surrender her license.</td>
</tr>
<tr>
<td>Classic Island Casino, Kennewick</td>
<td>● Failure to Pay Gambling Taxes</td>
<td>● 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.</td>
</tr>
<tr>
<td>Jacob C. Shepherd, of Oak Harbor, Card Room Employee (CRE) (formerly employed by Element Casino)</td>
<td>● Settlement Order Violation</td>
<td>● The licensee did not respond to the charges, and a Default Order revoking Mr. Shepherd’s license was entered at the March Commission meeting.</td>
</tr>
<tr>
<td>Adam Kilminster, of Kenmore, CRE (formerly employed by Silver Dollar Casino)</td>
<td>● Theft</td>
<td>● Prior to hearing, the licensee agreed to surrender his license.</td>
</tr>
<tr>
<td>Aces Casino Entertainment, Spokane</td>
<td>● Undisclosed transfer of Aces Casino ownership</td>
<td>● A Settlement in Lieu of Administrative Charges was issued.</td>
</tr>
<tr>
<td></td>
<td>● Internal Control Violation</td>
<td>● 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.</td>
</tr>
<tr>
<td>Washing J. Chen, of Kent, CRE (formerly employed by Roman Casino)</td>
<td>● Criminal History</td>
<td>● The Administrative Law Judge (ALJ) issued an Initial Order revoking Washing Chen’s license.</td>
</tr>
<tr>
<td>Kao C. Saechao, of Kent, CRE (formerly employed by Lucky Dragonz Casino)</td>
<td>● Criminal History</td>
<td>● The license requested a hearing; however, the request was late.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● A Default Order revoking Mr. Saechao’s license was entered at the January Commission meeting.</td>
</tr>
<tr>
<td>Hong T. Nguyen, of Vancouver, Applicant (Application with Lucky 21 Casino)</td>
<td>● Criminal History</td>
<td>● The applicant did not respond to the administrative charges.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● A Default Order revoking Ms. Nguyen’s license was entered at the January Commission meeting.</td>
</tr>
<tr>
<td>Joshua Wilson, of Silverdale, CRE (formerly employed by All Star Casino)</td>
<td>● Fines, Fees, and Failures to Appear</td>
<td>● The licensee did not appear at the hearing.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● The ALJ issued an Order Dismissing Appeal as Untimely and Alternative Default Order.</td>
</tr>
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</thead>
<tbody>
<tr>
<td>Jing-Ru Lu, of Seattle, CRE (formerly employed by Riverside Casino)</td>
<td>Theft</td>
<td>The ALJ issued an Initial Order revoking Mr. Lu’s license.</td>
</tr>
<tr>
<td>Arong E. Phoumkeo, of Everett, CRE (formerly employed by The Hideaway)</td>
<td>Theft</td>
<td>Prior to a hearing, the licensee agreed to surrender his license.</td>
</tr>
<tr>
<td>Juan R. Correa, of Zillah, Class III Employee (Yakama Tribal Gaming Commission took action against the certified employee’s tribal license)</td>
<td>Theft</td>
<td>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.</td>
</tr>
<tr>
<td>Linda L. Schaefer, of Hayden, ID, CRE (formerly employed by Ringo’s Little Vegas Casino)</td>
<td>Settlement Order violation</td>
<td>The ALJ issued an Initial Order revoking Ms. Schaefer’s license.</td>
</tr>
<tr>
<td>Brian C. Zepeda, of Puyallup, Card Room Employee (CRE) and Class III Employee (formerly employed by Freddie’s Club and Nisqually Tribe)</td>
<td>Criminal History</td>
<td>Prior to hearing, the licensee agreed to surrender his licenses.</td>
</tr>
<tr>
<td>James L. Contreras, of Maple Valley, Class III Employee (Snoqualmie Tribal Gaming Commission took action against the certified employee’s tribal license)</td>
<td>Embezzlement</td>
<td>The certified employee did not respond to the charges, and a Default Order revoking Mr. Contreras’ certification was entered at the March Commission meeting.</td>
</tr>
</tbody>
</table>

### 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
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

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

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