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Gambling Commission
Comm. & Legal Division

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Suspension of the License to)
Conduct Gambling Activities of:) NO. CR 2014-01399
)
Kathleen R. Searls) **SETTLEMENT ORDER**
Spokane, Washington,)
)
Licensee/Class III Employee.)
_____)

I.

This Settlement Order is entered into between the Washington State Gambling Commission and Kathleen R. Searls. Gregory Rosen, Assistant Attorney General, and Melinda Froud, Staff Attorney, represent the Gambling Commission. Kathleen R. Searls, licensee, represents herself.

II.

The Washington State Gambling Commission issued Kathleen R. Searls the following license and certification:

Number 68-22235, authorizing Card Room Employee activity currently with Aces Casino; and
Number 69-17210, authorizing Class III Employee activity formerly with the Northern Quest Casino.

The license and certification expire on June 10, 2015, and were issued subject to Ms. Searls' compliance with the Kalispel Tribal/State Compact, and state gambling laws and rules.

III.

The Director issued a Notice of Administrative Charges and Opportunity for an Adjudicative Proceeding to the licensee on September 9, 2014. On September 24, 2014, Commission staff received the licensee's request for a hearing. On October 13, 2014 the Director issued an Amended Notice of Administrative Charges. The following summary of facts and violations were alleged in the Amended Notice of Administrative Charges.

IV.

SUMMARY:

On July 6, 2014, Kathleen R. Searls took \$100 in cash from an off-duty card room employee. Initially, she said she put it in the bartender's purse, but did not. Five days later, she returned the money. On September 24, 2014, charges were filed against Ms. Searls for Theft in the Third Degree.

VIOLATIONS:**1) Kalispel Tribal/State Compact**

Section V.C. of the Tribal-State Compact states the State Gaming Agency¹ may revoke, suspend or deny a State certification for any reason it deems to be in the public interest. These reasons shall include when the holder of certification:

V.C.1. Is determined to be a person who because of prior activities, criminal record, if any, or reputation, habits and associations poses a threat to the effective regulation of gaming or create or enhance the chances of unfair or illegal practices, methods and activities used in the conduct of the gaming activities permitted pursuant to this compact.

V.C.2. Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by any provision of a Tribal-State Compact.

V.C.4. Has demonstrated a willful disregard or failed to comply with the requirements of any gaming regulatory authority in any jurisdiction, including offenses that could subject the individual or entity to suspension, revocation or forfeiture of a gaming license.

2) RCW 9.46.075 Denial, suspension, or revocation of certification, application, 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 subsections apply.)

(1) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the Commission 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 she is qualified in accordance with the provisions of this chapter.

(9) Provides the Commission may revoke any license when the licensee is subject to current prosecution or pending charges, or a conviction which is under appeal, for any of the offenses included under subsection (4) of this section:² PROVIDED, That at the request of an applicant for an original license, the commission may defer decision upon the application during the pendency of such prosecution or appeal.

¹ Washington State Gambling Commission, as referred to in the Kalispel Tribal/State Compact.

² RCW 9.46.075(4): *Has been convicted of, or forfeited bond upon a charge of, or pleaded guilty to, forgery, larceny, extortion, conspiracy to defraud, willful failure to make required payments or reports to a governmental agency at any level, or filing false reports therewith, or of any similar offense or offenses, or of bribing or otherwise unlawfully influencing a public official or employee of any state or the United States, or of any crime, whether a felony or misdemeanor involving any gambling activity or physical harm to individuals or involving moral turpitude.*

3) WAC 230-03-085 Denying, suspending, or revoking an application, license or permit

We may deny, suspend, or revoke any application, license or permit, when the applicant, certified employee, or anyone holding a substantial interest in the applicant's or certified employee'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.

(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.

4) RCW 9.46.153(1) Applicants and licensees-Responsibilities and duties

It shall be the affirmative responsibility of each applicant and licensee to establish by clear and convincing evidence the necessary qualifications for licensure of each person required to be qualified under this chapter, as well as the qualifications of the facility in which the licensed activity will be conducted.

On September 24, 2014, charges were filed in the Municipal Court of Spokane for Theft in the Third Degree against Kathleen R. Searls for taking money from an off-duty card room employee at Lilac Lanes and Casino. Ms. Searls' actions demonstrate that she 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. Ms. Searls has failed to establish by clear and convincing evidence that she is qualified for licensure, as required by RCW 9.46.153(1). As a result, there are grounds to revoke Kathleen R. Searls' license and certification based on the Kalispel Tribal/State Compact, RCW 9.46.075(1), (8), and (9) and WAC 230-03-085(1) and (8).

V.

The certified employee/licensee acknowledges that she has read the Amended Notice of Administrative Charges and understands the facts contained in it. Ms. Searls has waived her right to a hearing based on the terms and conditions of this Settlement Order.

1) On December 11, 2014, the Municipal Court of Spokane entered a Stipulated Order of Continuance, which provides that Ms. Searls' criminal case will be dismissed if she pays a \$75 court fee by June 11, 2015. Kathleen R. Searls agrees that her certification/license is **suspended for a period of fourteen (14) days**, provided that:

- a) **Four (4) 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 certified employee/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 certified employee/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 four-day deferred suspension of the current gambling certification/license and any subsequently acquired gambling licenses.

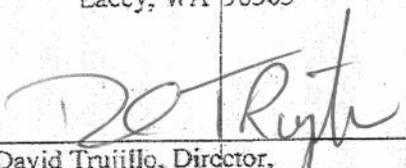
- b) The parties agree that the Director of the Washington State Gambling Commission, pursuant to this Settlement Order, has discretion to determine whether the certified employee/licensee has violated any term of this Settlement Order. In the event the Director determines that a violation has occurred, he may suspend the license issued to the certified employee/licensee, and any subsequently acquired licenses, for up to six days, by mailing or delivering a Notice of Administrative Charges to the certified employee/licensee. This suspension shall be in addition to any consequences of the new violation. The certified employee/licensee shall be afforded the opportunity to have an Adjudicative Proceeding, which includes a hearing on the alleged violations.
- c) **The certified employee/licensee shall serve the remaining ten (10) days of this suspension, as follows:**
- The suspension period will begin at 8:00 a.m. on January 5, 2014, and runs through January 14, 2014.
 - The licensee may resume gambling activities at 8:00 a.m. on January 15, 2014.
- d) During this period of suspension, the certified employee/licensee shall not conduct any gambling activities. Ms. Searls' suspension does not prevent her from working in any non-gambling activity, such as employment in restaurants located in card rooms.

2) **The signed Settlement Order must be received by Commission staff by December 23, 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

12/23/2014
(Date Signed)

APPROVED FOR ENTRY:
By her signature, the licensee
understands and accepts the terms
and conditions of this Order.

APPROVED AS TO FORM:

K. Searls 12-22-14
Kathleen R. Searls (Date)
Certified Employee/Licensee

Gregory Rosen WSBA #29721
for
Gregory Rosen, WSBA# 15870
Assistant Attorney General
Representing the Washington State
Gambling Commission

Melinda Froud #28760
Melinda Froud, WSBA #26792
Staff Attorney, Washington State
Gambling Commission