STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of:	NO. CR 2017-00037
NJLV MANAGEMENT d/b/a, DANNY'S TAVERN,	SETTLEMENT AGREEMENT
Applicant.	

The Washington State Gambling Commission (Commission) through David Trujillo, Director, and the applicant, NJLV Management, (Applicant) d/b/a Danny's Tavern in Moses Lake, Washington represented by Nicholas Moore, Owner, enter into this Settlement Agreement to resolve the administrative violations in Case Number 2017-00037 prior to the applicant receiving its gambling license.

I. INTRODUCTION

1. Applicant NJLV Management, d/b/a Danny's Tavern, 120 W. Broadway Ave., Moses Lake, Washington, submitted an application on November 23, 2016, to Washington State Gambling Commission for a Class "K" Punchboard/Pull-Tab License.

2. The Applicant was subject to state gambling laws and Commission Rules at all times before and during the application process.

3. The Applicant failed to obtain its Class "K" Punchboard/Pull-Tab license after it purchased the business, Danny's Tavern, and before selling pull-tabs or purchasing new pull-tab games.

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P.O. Box 42400
Olympia, WA 98504

II. RELEVANT FACTS SUPPORTING APPLICATION DENIAL

1. On November 23, 2016, the Gambling Commission received a Class "K" Punchboard/Pull-Tab Application from NJLV Management d/b/a Danny's Tavern. The application indicated that Danny's Tavern was previously licensed, and that a purchase of the business was contingent upon gambling licensure of the new owner.

2. On December 14, 2016, the Washington State Gambling Commission made contact by phone with Nicholas Moore, Owner, to ask if the purchase of Danny's Tavern had closed, and to clarify items on the Source of Funds Statement that had been submitted with the application.

3. Mr. Moore indicated to Gambling Commission staff that the close was contingent upon the new ownership becoming licensed by the Washington State Gambling Commission. Mr. Moore also indicated that he had been managing the business operations since August, 2016, and that Danny's Tavern was still operating pull-tabs. It was explained to him that he had been operating without a license, and that even if he was just managing the operations, he would need to acquire some type of licensing.

4. During the December 14th call, Mr. Moore was advised that the Gambling Commission would be requesting more documentation; a letter was sent from Commission staff requesting further information on December 14th.

5. During the latter part of December, 2016, Mr. Moore sent several items to the Gambling Commission via e-mail. These items included the purchase agreement, addendum, gross lease agreement, and financial information for NJLV d/b/a Danny's Tavern.

6. Based on the documentation provided to the Gambling Commission by the Applicant, it was confirmed that there was an agreement for the sale of Danny's Tavern to Applicant, and that proceeds from the operation of NJLV d/b/a Danny's Tavern were being used to fund the purchase of Danny's Tavern.

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7. It was also confirmed that although the sale of Danny's Tavern to Applicant was not final, the Applicant was managing business and financial operations for Danny's Tavern, and had sold Pull-Tabs during the time that Applicant was unlicensed.

8. The Applicant offered unlicensed pull-tab gambling activities from August 1, 2016 to through December 31, 2016.

9. During the time identified in Paragraph 8, the Applicant received $105,942.00 in pull-tab revenue.

III. LEGAL BASIS FOR APPLICATION DENIAL

1. A gambling license becomes void when a licensee's business is sold and the new owner must obtain a new gambling license for the business under WAC 230-06-108(2).

2. WAC 230-06-108 requires the Applicant to apply for a new license upon taking over management operations of Danny's Tavern pending sale closure, and the business could not continue to operate under the previous Danny's Tavern gambling license and sell pull-tabs.

2. Due to the change in operations management, Danny's Tavern's gambling license was deemed void on July 31, 2016.

3. The Commission considers the Applicant's failure to discontinue gambling activities once the prior license expired in July, 2016 to be in violation of RCW 9.46.075 (1); RCW 9.46.160.

4. The Commission can deny the Applicant a license under RCW 9.46.075 for its failure to obtain a license after July, 2016.

5. The Commission believes a settlement in lieu of denial of Applicant's request for a Class "K" Punchboard/Pull-Tab License is appropriate if the Applicant is willing to agree to the terms of settlement identified in Part IV below.

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IV. SETTLEMENT AGREEMENT

1. The parties enter into this agreement to avoid the time and expense of further possible litigation should the Commission move forward and deny the Applicant's request for a Class "K" Punchboard/Pull-Tab License for the reasons identified in Part III.

2. The Applicant acknowledges that it needed to obtain a new gambling license prior to continuing sales of pull-tabs as required by state law and Commission rules.

3. The Applicant is willing to comply with all gambling rules and regulations in the future.

4. The parties acknowledge that the Applicant's Class "K" Punchboard/Pull-Tab License is pending a decision by Commission staff and final approval by the Commission.

5. The parties agree to the following conditions allowing the Applicant to receive a new Class "K" Punchboard/Pull-Tab License:

   a. Applicant's new Class "K" Punchboard/Pull-Tab License is suspended for fifteen (15) days once it is issued by the Commission;

   b. Ten (10) suspension days are vacated under RCW 9.46.077 upon payment of $56,984.00 representing:

      i. $6,984.00 for administrative costs;

      ii. $50,000.00 monetary penalty, which represents seventy-five (75) percent of the pull-tab profits received by Danny's Tavern during the period that it was unlicensed.

   c. In consideration for the Applicant's admissions and willingness to enter into this agreement, the applicant shall pay $28,984.00, which represents half of the total indicated in paragraph 5(b), no later than May 24, 2017, by mailing payment to Commission Headquarters at the following address:

Washington State Gambling Commission
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P.O. Box 42400
Olympia, WA 98504

Washington State Gambling Commission
Attn: Licensing, Regulation & Enforcement Division
P.O. Box 42400
Olympia, WA 98504-2400;

or **delivering** (in person or via private courier) payment to Commission Headquarters at the following address:

Washington State Gambling Commission
Attn: Licensing, Regulation & Enforcement Division
4656 7th Avenue SE
Lacey, WA 98503

d. If the Applicant makes its payment by the date agreed to in this settlement, the application will be forwarded for approval. Applicant's failure to timely make its payment will result in staff recommending denial of the license application, and Applicant's application will not be forwarded to the Commission for approval.

e. The Applicant will then make 6 equal monthly payments in the amount of $4,748.66, which will be due on the 1st of each month, beginning on July 1, 2017, and ending on December 1, 2017.

f. If the Applicant fails to remit any payment to the Commission on or by the 1st of any month, Applicant agrees to the following penalties:

i. That for each late payment, the Applicant will serve an immediate fourteen (14) day suspension period, in addition to making the late payment.

ii. That if Applicant fails to make any payment, such shall be grounds for revocation of Applicant's gambling license, or denial of any future gambling license.

g. Applicant acknowledges and agrees that any other or prior gambling license for Danny's Tavern is invalid upon issuance of the new license.

6. The parties agree that the remaining five (5) days of the suspension will be deferred for two (2) years from the date the applicant's Punchboard/Pull-Tab license is approved by the Commission.

7. The Applicant shall not violate Washington's gambling statutes or rules during the two (2) year deferment period.

8. If the Applicant violates any statutes or rules that warrant the filing of administrative charges, then the Director may impose any or all of the five (5) days deferred suspension of the Applicant's gambling license and any subsequently acquired gambling licenses.

9. If no violations occur, then the Applicant will be considered to be in compliance with this agreement and the five days deferred suspension will expire two (2) years after the Applicant's license is approved.

10. The parties agree that the Director of the Washington State Gambling Commission, pursuant to this Settlement, has sole discretion to determine whether the licensee has violated any term of this Settlement. In the event the Director determines a violation has occurred, he may suspend the licenses issued to NJLV Management d/b/a Danny's Tavern by mailing or delivering a Notice of Order of Administrative Charges to the licensee. In addition to the consequences of the new violation, the licensee shall serve all, or part of the deferred sentence. The licensee shall have the opportunity to request an adjudicative proceeding, which includes a hearing on any new alleged violations.

11. This Agreement constitutes the final written expression of all the terms of this Agreement and is a complete and exclusive statement of these terms.

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12. The undersigned parties declare that the terms of this Settlement Agreement are completely read, wholly understood, and voluntarily accepted for the purpose of making a full and final compromise and settlement of any and all violations arising from the above-referenced Complaint.

Nicholas Moore

NICHOLAS MOORE
Representative for NJLV Management,
d/b/a Danny's Tavern

5/23/17
DATE

DAVID TRUJILLO
Director
Washington State Gambling Commission

5/25/17
DATE

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