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**STATE OF WASHINGTON  
GAMBLING COMMISSION**

In the Matter of:

NO. CR 2017-00162

MOUNT SI PUB, INC. d/b/a,  
MOUNT SI PUB,

SETTLEMENT AGREEMENT

Applicant.

The Washington State Gambling Commission (Commission) through David Trujillo, Director, and the applicant, Mount Si Pub, Inc., (Applicant) d/b/a Mount Si Pub in North Bend, Washington represented by Rob Sherard, Owner, enter into this Settlement Agreement to resolve the administrative violations in Case Number 2017-00162 prior to the applicant receiving its gambling license.

**I. INTRODUCTION**

1. Applicant Mount Si Pub, Inc., d/b/a Mount Si Pub, 45530 SE North Bend Way, North Bend, Washington, submitted an application on January 4, 2017, to Washington State Gambling Commission for a Class "A" 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 "A" Punchboard/Pull-Tab license after a change in ownership or management of over 51% of Mount Si Pub, and before selling pull-tabs or purchasing new pull-tab games.

4. The Applicant failed to notify the Gambling Commission of the second change in ownership upon submitting a new application to conduct gambling activities.

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1           5.       The Applicant also failed to make its Second-Half payment for the 2013 license  
2 year.

3                   **II.       RELEVANT FACTS SUPPORTING APPLICATION DENIAL**

4           1.       Between January 8, 2007 and June 30, 2013, Applicant was licensed to operate  
5 Punchboard/Pull-Tabs.

6           2.       On October 1, 2012, Rob Sherard became a 51% owner of Applicant. The  
7 Gambling Commission was not notified of the change in ownership.

8           3.       The Gambling Commission received a renewal application from Applicant on  
9 December 21, 2012. The Applicant requested participation in a two-payment plan for payment  
10 of licensing fees and made the first payment. This plan involves two payments: the “first-half,”  
11 and “second-half.”

12           4.       A renewal review was conducted by a Gambling Commission Customer Service  
13 Specialist on April 17, 2013, at which time the change of ownership was discovered. The  
14 Customer Service Specialist made contact with Mount Si Pub to notify it that a new application  
15 was required, and that their prior license was void upon the October, 2012, change of ownership.

16           5.       In May, 2013, a Gambling Commission Customer Service Specialist made  
17 contact with Applicant, who indicated that it had discontinued gambling activities and requested  
18 a refund of its 2013 licensing fees.

19           6.       On June 1, 2013, Rob Sherard became the 100% owner of Applicant. The  
20 Gambling Commission was not notified of the change in ownership.

21           7.       On August 29, 2013, a Gambling Commission Customer Service Specialist sent  
22 Applicant’s account to collection based on Applicant’s failure to pay the second-half payment  
23 of \$561 for licensing fees.

24           8.       On December 2, 2013, Applicant made contact with the Gambling Commission  
25 to inquire as to why it had been sent to collection, and why it had not received a refund of its  
26 2013 license as requested.

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1 9. On December 5, 2013, Washington State Gambling Commission staff contacted  
2 Applicant via email. The email informed Applicant that on its renewal application of October,  
3 2012, Applicant had indicated that it would be conducting gambling activities through December  
4 31, 2013, and that it wanted to pay its licensing fee in two payments; therefore, Applicant still  
5 owed the second payment of \$561, regardless of a change in ownership.

6 10. On January 4, 2017, the Gambling Commission received a Class "A"  
7 Punchboard/Pull-Tab Application from Applicant.

8 11. The application materials confirmed that a 51% ownership change of Applicant  
9 occurred on October 1, 2012. The application also included information indicating that a second  
10 ownership change occurred on June 1, 2013.

11 12. The January 4, 2017 application was the first time Washington State Gambling  
12 Commission was notified of Applicant's June 1, 2013 change of ownership.

13 13. The Applicant offered unlicensed pull-tab gambling activities from October 1,  
14 2012 through May 6, 2013.

15 14. During the time identified in Paragraph 13, the Applicant received \$24,453.00 in  
16 pull-tab revenue.

### 17 III. LEGAL BASIS FOR APPLICATION DENIAL

18 1. Under WAC 230-06-108(1), the Applicant was required to apply for a new  
19 license upon becoming owner of more than 50% of Mount Si Pub, and it could not continue to  
20 operate under the previous Mount Si Pub license and sell pull-tabs.

21 2. Pursuant to WAC 230-06-080, Applicant should have notified the Gambling  
22 Commission of any change in information, including ownership, filed with the application.

23 3. Under WAC 230-06-105, Applicant should have notified the Gambling  
24 Commission both times there was a change made to the Applicant's management.  
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1 4. Due to the change in ownership, Applicant's gambling license was deemed void  
2 on October 1, 2012.

3 5. Under WAC 230-05-015(2)(b), Applicant was required to pay its second-half  
4 payment, regardless of whether it stopped operating gambling activities.  
5

6 6. The Commission considers the Applicant's failure to discontinue gambling  
7 activities once the prior license expired in October, 2012 to be in violation of RCW 9.46.075  
8 and RCW 9.46.160.

9 7. The Commission can deny the Applicant a license under RCW 9.46.075 and  
10 WAC 230-06-085 for its failure to obtain a license after October, 2012, and for failing to report  
11 ownership changes on its January, 2017 application.

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

15 **IV. SETTLEMENT AGREEMENT**

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

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

21 3. The Applicant also acknowledges it needed to report changes in ownership  
22 pursuant to state law and Commission rules, and acknowledges it needed to make its second-  
23 half payment as required by Commission rules.

24 4. The Applicant is willing to comply with all gambling rules and regulations in the  
25 future.  
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1           5.       The parties acknowledge that the Applicant's Class "A" Punchboard/Pull-Tab  
2 License is pending a decision by Commission staff and final approval by the Commission.

3           6.       The parties agree to the following conditions allowing the Applicant to receive a  
4 new Class "A" Punchboard/Pull-Tab License:

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

7           b.       Ten (10) suspension days shall be served between 12:00 p.m. on June 1, 2017 and  
8 12:00 p.m. on June 11, 2017.

9           i.       During the time period listed in paragraph 6(b) above, Applicant will not  
10 operate ANY gambling activities.

11           ii.       Should Applicant be found to have operated gambling activities during  
12 the time period listed in paragraph 6(a), such will be considered a  
13 violation of the terms of this agreement.

14           iii.       Applicant also acknowledges and agrees that a finding by the Director of  
15 the Gambling Commission of any action listed in paragraph 6(a)(ii) would  
16 be sufficient action for revocation of Applicant's Class "A"  
17 Punchboard/Pull-tab License.

18           c.       Applicant will pay investigative costs of \$1,067.

19           d.       Upon agreement and signature by Applicant, and payment of investigative costs,  
20 the application will be forwarded for approval.

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

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

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

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

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

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

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

22  
23   
24 \_\_\_\_\_  
25 ROB SHERARD  
26 Representative for Mount Si Pub, Inc.,  
d/b/a Mount Si Pub

5/1/2017  
\_\_\_\_\_  
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*David Trujillo*

DAVID TRUJILLO  
Director  
Washington State Gambling Commission

*5/2/17*  
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