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**STATE OF WASHINGTON
GAMBLING COMMISSION**

8 In the Matter of:

NO. CR 2018-00943

9 SPIKE'S RESTAURANT GROUP, INC.
10 d/b/a,
11 SPIKE'S PHILLY & MORE,

SETTLEMENT AGREEMENT

12 Applicant.

13 The Washington State Gambling Commission (Commission) through David Trujillo,
14 Director, and the applicant, Spike's Restaurant Group, Inc. d/b/a Spike's Philly & More, in
15 Spokane, Washington represented by Darrell Weiland, Owner, enter into this Settlement
16 Agreement to resolve pre-licensing violations in Case Number 2018-00943 prior to the applicant
17 being approved to receive its gambling license.

18 **I. INTRODUCTION**

19 1. Applicant Spike's Restaurant Group, Inc. d/b/a Spike's Philly & More
20 (Applicant), 718 E. Francis Ave., Spokane, Washington, submitted an application on June 7,
21 2018, to the Washington State Gambling Commission for a Class "E" Punchboard/Pull-Tab
22 License.

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

1 3. The Applicant failed to obtain its Class "E" Punchboard/Pull-Tab License after it
2 purchased the business, Spike's Philly & More, and before selling pull-tabs or purchasing new
3 pull-tab games.

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

5 1. On May 29, 2018, a special agent of the Commission responded to Spike's Philly
6 & More in reference to a theft of gambling funds from the gambling till.

7 2. While investigating, it was discovered that Spike's Restaurant Group, Inc. d/b/a
8 Spike's Philly & More had been sold on February 1, 2018 to Darrell Weiland, who was then
9 operating the business and pull-tab activity.

10 3. On June 7, 2018, Mr. Weiland, on behalf of Spike's Restaurant Group, Inc. d/b/a
11 Spike's Philly & More, submitted an application for a Class "E" Punchboard/Pull-Tab activity
12 to the Commission.

13 4. On June 11, 2018, a special agent of the Commission advised Mr. Weiland to
14 cease operating gambling activities until this case was resolved.

15 5. As part of the application process, Mr. Weiland submitted several items to the
16 Commission, including a stock purchase agreement.

17 6. Based on the documentation provided to the Gambling Commission by the
18 Applicant, it was confirmed that the sale of Spike's Philly & More was initiated on January 31,
19 2018.

20 7. The Applicant offered unlicensed pull-tab gambling activities from February 1,
21 2018 to June 11, 2018.

22 8. During the time identified in Paragraph 7, the Applicant received approximately
23 \$119, 000.00 in pull-tab revenue.

24 **III. LEGAL BASIS FOR APPLICATION DENIAL**

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

1 2. WAC 230-06-108 required the Applicant to apply for a new license upon
2 purchasing Spike's Restaurant Group, Inc. d/b/a Spike's Philly & More, and the business could
3 not continue to operate under the previous Spike's Philly & More gambling license to sell pull-
4 tabs.

5 3. Due to the change in ownership, Spike's Philly & More's gambling license was
6 deemed void on February 1, 2018.

7 4. The Commission considers the Applicant's failure to discontinue gambling
8 activities once the prior license became void in January, 2018 to be in violation of RCW
9 9.46.075 (1); RCW 9.46.160.

10 5. The Commission can deny the Applicant a license under RCW 9.46.075 for its
11 failure to obtain a license after January 31, 2018.

12 6. The Commission believes a settlement in lieu of denial of Applicant's request
13 for a Class "E" 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 "E" 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 is willing to comply with all gambling rules and regulations in the
22 future.

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

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

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

3 b. Ten (10) suspension days are vacated under RCW 9.46.077 upon payment of
4 \$60,000.00 representing a monetary penalty and including administrative costs.

5 c. In consideration for the Applicant's admissions and willingness to enter into this
6 agreement, the applicant shall pay \$12,000.00 no later than October 15, 2018, by mailing or
7 delivering payment to Commission Headquarters at the following address:

8
9 **Washington State Gambling Commission**
10 Attn: Licensing, Regulation & Enforcement Division
11 P.O. Box 42400
Olympia, WA 98504-2400;

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

13 Washington State Gambling Commission
14 Attn: Licensing, Regulation & Enforcement Division
15 4656 7th Avenue SE
Lacey, WA 98503

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

20 e. The Applicant will then make 6 equal monthly payments in the amount of \$8,000,
21 which will be due on the 15th of each month, beginning on November 15, 2018, and ending on
22 April 15, 2019.

23 f. If the Applicant fails to remit any payment to the Commission on or by the 15th
24 of any month, Applicant agrees that such shall be grounds for revocation of Applicant's
25 gambling license, or denial of any future gambling license.

1 6. Applicant acknowledges and agrees that any other or prior gambling license for
2 Spike's Philly & More is invalid upon issuance of the new license.

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

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

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

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

15 11. The parties agree that the Director of the Washington State Gambling
16 Commission, pursuant to this Settlement, has sole discretion to determine whether the licensee
17 has violated any term of this Settlement. In the event the Director determines a violation has
18 occurred, he may suspend the licenses issued to Spike's Restaurant Group, Inc. d/b/a Spike's
19 Philly & More by mailing or delivering a Notice of Order of Administrative Charges to the
20 licensee. In addition to the consequences of the new violation, the licensee shall serve all, or
21 part of the deferred sentence. The licensee shall have the opportunity to request an adjudicative
22 proceeding, which includes a hearing on any new alleged violations.

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

25 13. The undersigned parties declare that the terms of this Settlement Agreement are
26 completely read, wholly understood, and voluntarily accepted for the purpose of making a full

1 and final compromise and settlement of any and all violations arising from the above-referenced
2 Complaint.

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5 DARRELL WEILAND
6 Owner of Spike's Restaurant Group, Inc.,
7 d/b/a Spike's Philly & More

Oct 1, 2018
DATE

8 
9 DAVID TRUJILLO
10 Director
11 Washington State Gambling Commission

10/8/18
DATE

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