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STATE OF WASHINGTON GAMBLING COMMISSION

In the Matter of:

NO. CR 2018-00968
CR 2018-01158

CLEARWATER SALOON & CASINO

License Nos. 05-21316
67-00328,

STIPULATED SETTLEMENT
AGREEMENT

Licensee.

The Washington State Gambling Commission represented by its attorneys, ROBERT W. FERGUSON, Attorney General, KELLEN WRIGHT, Assistant Attorney General, and its Director, DAVID TRUJILLO, and the Licensee, CLEARWATER SALOON AND CASINO, represented by owner WILLIAM HARRISON, hereby enter into this stipulation and settlement agreement for Case Number CR 2018-00968 and CR 2018-01158.

I. INTRODUCTION

In the above-referenced case, the Washington State Gambling Commission issued a Notice of Administrative Charges dated December 18, 2018 alleging that the Clearwater Saloon and Casino (Licensee) changed its player supported jackpot (PSJ) scheme without obtaining approval from the Commission to do so, without posting corrected rules, and without adjusting their internal controls. Additionally, the Licensee failed to transfer or deposit PSJ funds as required, and failed to properly document the use of the PSJ funds. The Licensee also used PSJ funds to pay wages, gambling taxes, and other expenses. Finally, the Licensee garnished wages from employees but failed to forward the wages to creditors as required. This conduct violated

1 RCW 9.46.190, WAC 230-15-365, WAC 230-15-375, WAC 230-15-380, WAC 230-15-400,
2 WAC 230-15-425, and WAC 230-15-710. The Gambling Commission Staff determined that this
3 conduct warranted revocation of the Licensee's gambling licenses, 05-21316 and 67-00328,
4 under RCW 9.46.075(1) and (8); and WAC 230-03-085(1) and (9).

5 II. AGREEMENT OF THE PARTIES

6 The Gambling Commission and the Licensee agree to the following:

7 1. The Washington State Gambling Commission and the Licensee enter into this
8 agreement to avoid the time and expense of further litigation.

9 2. The Licensee explicitly waives the right of further administrative review of all
10 matters related to the above-referenced Administrative Charges.

11 3. The Licensee admits to the violations alleged in the above-referenced
12 Administrative Charges. The Licensee further admits that these violations support revocation of
13 its gambling licenses.

14 4. The Licensee agrees to the revocation of his license as of the date of signing of
15 this agreement, and acknowledges that the Washington State Gambling Commission will
16 consider its licenses revoked effective on the date of signing of this agreement. Upon signing
17 this settlement agreement, the parties agree that the Licensee will not be authorized to engage in
18 any gambling activities, unless it applies for and receives a new gambling license.

19 5. Additionally, William Harrison acknowledges and agrees that, should he ever
20 apply for a gambling license in the future, it will not be issued unless and until he first pays the
21 Washington State Council on Problem Gambling \$18,298.10, the amount of PSJ funds that was
22 misused by the Licensee.

23 6. In the event that Mr. Harrison subsequently applies for certification or a gambling
24 license, he will be subject to all the Washington State Gambling Commission's investigative
25 procedures for processing such application. Furthermore, no promises or assurances have been
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1 made to the Licensee or to Mr. Harrison that he will receive a license or certification from the
2 Washington State Gambling Commission should he apply.

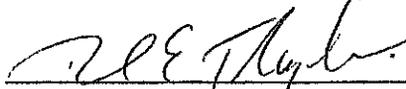
3 7. The Licensee acknowledges that the above-referenced allegations violated a one-
4 year settlement agreement entered on May 8, 2018 between the Licensee and Gambling
5 Commission to resolve violations in Case No. 2017-00963. A violation of this settlement
6 agreement allows the Gambling Commission Director to impose a 13-day suspension. The
7 above-referenced administrative violations are considered a violation of the Case No. 2017-
8 00963 settlement agreement and the Licensee and/or Mr. Harrison must serve a 13-day
9 suspension, or pay a \$30,000 monetary penalty in lieu of this suspension, before the Licensee or
10 Mr. Harrison can operate under any new state gambling license.

11 8. Upon signing this settlement agreement, the Licensee and Mr. Harrison
12 acknowledge and agree that Mr. Harrison will have no direct involvement in any gambling
13 activities, other than as a player, unless he applies for and receives a new gambling license.

14 9. The Washington State Gambling Commission acknowledges that, based on the
15 facts currently known to the Commission, no additional administrative violations are pending
16 against the Licensee or Mr. Harrison related to the Licensee's operation of the Clearwater Saloon
17 and Casino in East Wenatchee, Washington.

18 10. This agreement constitutes the final written expression of all the terms of this
19 agreement and is a complete and exclusive statement of these terms.

20 STIPULATED AND AGREED TO BY:

21 
22 _____
23 DAVID TRUJILLO, Director
Washington State Gambling Commission

7-9-19
DATE

24 
25 _____
26 WILLIAM HARRISON
Owner of Licensee

6/29/19
DATE