



STATE OF WASHINGTON  
GAMBLING COMMISSION

*"Protect the Public by Ensuring that Gambling is Legal and Honest"*

January 14, 2020

PUGET SOUND FLYERS  
2909 100<sup>TH</sup> ST SW UNIT A  
EVERETT, WA 98204

**RE: ADMINISTRATIVE ACTION; CR 2019-01252**

Dear Puget Sound Flyers:

Enclosed is an Order of Default entered by the Commission on January 9, 2020, revoking your license to conduct gambling activities. This action occurred because you waived your right to a hearing to the administrative charges mailed on October 24, 2019.

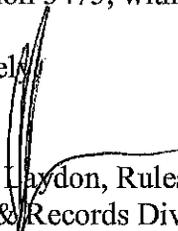
You have the right to move to vacate this Order. If you do so, we must receive your request by the 10<sup>th</sup> day after the Order was mailed. Your motion must include the specific grounds upon which relief is requested and must be submitted to:

Washington State Gambling Commission  
Attention: Legal & Records Division  
P.O. Box 42400  
Olympia, WA 98504-2400

You also have the right to submit a Petition for Judicial Review. If you do this, you must submit it within 30 days of the date the Order was mailed. RCW 34.05.514 explains where you must file this petition and RCW 34.05.546 explains what information your Petition must include.

This is not meant to be a full explanation of all the statutes and regulations you would need to understand to move to vacate or Petition for Judicial Review. Please call me at (800) 345-2529, extension 3473, with any questions.

Sincerely,

  
Ashlie Laydon, Rules Coordinator  
Legal & Records Division

Enclosure

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**STATE OF WASHINGTON  
GAMBLING COMMISSION**

7 In the Matter of:

NO. CR 2019-01252

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PUGET SOUND FLYERS  
D/B/A PUGET SOUND FLYERS INC,  
License No. 02-20886,

FINAL ORDER OF THE  
GAMBLING COMMISSION

Licensee.

This matter having come before the Washington State Gambling Commission (Commission) on January 9, 2020, the Commission makes the following Findings of Fact, Conclusions of Law, and issues its Final Order:

**I. FINDINGS OF FACT**

1. The Washington State Gambling Commission issued Puget Sound Flyers (PSF) gambling license No.: 02-20886, authorizing Raffle activity in Everett, Washington.
2. This license, which expired on December 31, 2019, was issued subject to PSF's compliance with state gambling laws and Commission rules.
3. PSF has been licensed since 2019.
4. PSF requested Commission Approval to exceed WAC 230-11-065's \$40,000 prize limit at their February, 2019 Commission meeting. That request was approved.
5. On or about June 1, 2019, PSF held the drawing for their approved raffle, in which the grand prize was a 1975 Cessna 150M aircraft, purported to be restored to "new" standards, with a claimed valued of \$86,450.00.

FINAL ORDER OF THE  
GAMBLING COMMISSION

IN RE: PUGET SOUND FLYERS  
NO. 2019-01252

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Washington State Gambling Commission  
4565 7<sup>th</sup> Avenue S.E., Lacey, WA 98503  
P.O. Box 42400  
Olympia, WA 98504

1           6.       On June 14, 2019, PSF initiated the process to conduct a second raffle, which also  
2 required WSGC approval. The prize for the second raffle was a 1975 Cessna 150M aircraft—  
3 the same aircraft from the raffle in Paragraph 5--which was now being valued by PSF at  
4 \$60,000.00.

5           7.       WSGC agents noted that aircraft was the same value-exceeding prize for both  
6 raffles, but its value was vastly different between the two raffles. Therefore, WSGC agents  
7 investigated the matter further.

8           8.       During their investigation, WSGC agents learned that:

- 9                   a. PSF failed to maintain proper monthly records documenting their gross  
10                    gambling receipts for the June raffle.  
11                   b. The ticket sales log was inaccurate, and all tickets whether sold or unsold,  
12                    were destroyed making it impossible for WSGC to verify the ticket sales.  
13                   c. In addition, there were large mathematical inconsistencies between PSF's  
14                    Raffle Summary and the documents provided to support it.

15           9.       WSGC requested financial documents to explain large withdrawals from PSF's  
16 BECU account. Specifically, WSGC was concerned with three large withdrawals in the amounts  
17 of: \$15,824.78, \$1,285.00, and \$13,593.69.

18           10.      PSF did not provide sufficient financial documentation, as requested, and it could  
19 not explain the over \$30,000.00 in withdrawals.

20           11.      PSF did provide an invoice from Chinook Flight for \$15,824.78, with no  
21 additional documentation. Chinook Flight is a for-profit business which is owned by PSF's  
22 President, Richard T. Newman, and shares PSF's address and contact information.

23           12.      PSF failed to provide additional financial documents requested by WSGC  
24 including: signature cards for bank accounts, bank statements from 2016 and 2017, canceled  
25 checks, deposit slips, 2018 Federal Tax Returns, the 2018 990 or 990-N, and PSF's 2018 General  
26 Membership Meeting Annual Report.

1 13. PSF told the winner of its raffle, Donald Boynton, that in order to collect his prize,  
2 he was to pay \$15,000.00 in Federal taxes and \$6,522.60 in State taxes.

3 14. PSF justification for these tax amounts was based on an appraisal from Paul  
4 Quinn, a party stating he had "no personal interest with respect to the parties involved" and "no  
5 bias with respect to the property that is subject of this report or to the parties involved with the  
6 assignment."

7 15. Mr. Quinn valued the plane at \$57,185.00, twice noting in his appraisal an  
8 "Appereo Transponder" being present.

9 16. When Mr. Boynton went to claim the plane, he discovered that there was no  
10 Appereo Transponder, the communication radio was unreadable, the navigation radio was  
11 inoperative, both fuel gauges were inoperative, there were no intercom phones, and microphones  
12 did not work.

13 17. Mr. Boynton questioned PSF President Newton about the condition of the plane,  
14 and Mr. Boynton was told that PSF was exercising its "prerogative under the rules to change  
15 specifications as it saw fit" due to low sales of raffle tickets.

16 18. During the investigation, WSGC agents learned that Paul Quinn was a past  
17 chairman of PSF in 2011, conflicting with his appraisal that he did not have a conflict of interest  
18 with PSF.

19 19. In addition, a review of six similar planes for sale online showed a price range of  
20 \$23,500.00 to \$37,500.00.

21 20. When asked how it could use the plane for its second raffle, PSF repeatedly told  
22 WSGC Agents that Mr. Boynton had voluntarily donated the plane back to PSF after the raffle.

23 21. After questioning Mr. Boynton, it was discovered that he in fact returned the  
24 plane to PSF without donating it in order to avoid a large financial loss; PSF later stipulated to  
25 WSGC agents that this was true.  
26

1 22. PSF initially claimed that it had purchased the plane from Chinook Flight, PSF's  
2 President's for-profit business, for \$12,500.00 in June of 2019. After the investigation, WSGC  
3 agents learned that PSF had purchased the plane from Taurus C. Massey in February of 2018 for  
4 \$5,000.00.

5 23. In its Raffle Plan provided to WSGC, the prize aircraft was to be fully certified  
6 and titled by the FAA, as well as have a new communication radio, indicator, and transponder.

7 24. Instead, the plane did not have the listed parts and/or the parts were not in new  
8 condition. Further, the plane was rendered "in suspense" by the FAA due to PSF's failure to  
9 provide them with proper documentation.

10 25. Director David Trujillo issued administrative charges on October 24, 2019  
11 alleging that PSF's actions constituted a violation of RCW 9.46.075 and WAC 230-03-085.  
12 Further, that PSF could not show by clear and convincing evidence that it was qualified for  
13 licensure as required by RCW 9.46.153(1), and that its actions warranted revocation of its license  
14 pursuant to RCW 9.46.075(1), (5), (7), and (8), and WAC 230-03-085(1), (3), (8), and (9).

15 26. PSF was sent the charges by regular and certified mail on October 24, 2019 to the  
16 last address the Gambling Commission had on file. Pursuant to WAC 230-17-010, a response  
17 was required to be received by the Commission by November 18, 2019. On November 18, 2019,  
18 WSGC received PSF's Request for Administrative Hearing form, which indicated that PSF did  
19 "NOT want a hearing. I understand this may result in a Default Order for the revocation of my  
20 gambling license.

## 21 II. CONCLUSIONS OF LAW

22 1. PSF received proper notice within three days of October 24, 2019 charges via  
23 regular and certified mail pursuant to RCW 34.05.413, RCW 34.05.434, WAC 230-17-005,  
24 WAC 230-17-010, and WAC 10-08-130.

1           2.       The Commission can take final action against PSF's gambling license under Case  
2 Number CR 2019-01252 pursuant to RCW 9.46.075, RCW 34.05.440(1), RCW 34.05.461, and  
3 WAC 230-03-085.

4           3.       PSF's license should be revoked under Case Number CR 2019-01252 pursuant  
5 to RCW 9.46.075, RCW 9.46.153(1), RCW 34.05.440(1), RCW 34.05.461, and WAC 230-03-  
6 085.

1 **ORDER**

2 This matter having come before the Commission at its January 9, 2020, Commission  
3 meeting, the Commissioners having heard arguments, been given the chance to review the  
4 administrative record, and being fully advised in this matter, now therefore:

5 It is hereby **ORDERED** that PSF's gambling license, Number 02-20886, is **REVOKED**.

6  
7 DATED this 9th day of January, 2020.

8   
9 BUD SIZEMORE, Chair

  
JULIA PATTERSON, Vice Chair

10   
11 ED TROYER

  
12 ALICIA LEVY

1 **NOTICE**

2 Reconsideration: RCW 34.05.470 and WAC 230-17-140 provide that a party may file a  
3 petition for reconsideration of a final order. A petition for reconsideration must be received no  
4 later than thirteen (13) days after the date this final order is mailed. Any motion for  
5 reconsideration must state the specific grounds supporting the party's request for  
6 reconsideration.

7 Stay of Final Order: Filing for reconsideration does not stay the effectiveness of this  
8 Order. WAC 230-17-145 provides that a party may petition the Commission for a stay of a final  
9 order. Any petition for a stay should be received by the Commission within thirteen (13) days  
10 after the date this final order is mailed.

11 Judicial Review: RCW 34.05.542 provides that a party may appeal this final order by  
12 filing a petition for judicial review within thirty (30) days after service of this order. A petition  
13 for judicial review must be filed with the appropriate superior court and served upon both the  
14 Commission and the Office of the Attorney General.

15 Service: This Order was served on you three days after it was deposited in the United  
16 States Postal Service regular mail, excluding the date of mailing. WAC 230-17-035.

17 Any motions or petitions for judicial review should be served on or mailed to:

18 Washington State Gambling Commission  
19 Legal and Records Division  
20 4565 7<sup>th</sup> Avenue S.E., Lacey, WA  
21 P.O. Box 42400  
Olympia, WA 98504-2400

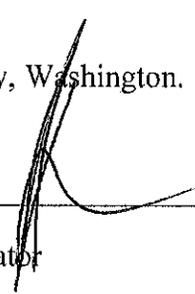
Doug Van de Brake  
Attorney General's Office  
1135 Washington St. SE  
P.O. Box 40100  
Olympia, WA 98504-0100

**CERTIFICATE OF SERVICE**

I certify that on the date below I served a copy of the foregoing document on all parties and/or their counsel by United States Postal Service regular mail to the following:

PUGET SOUND FLYERS  
2909 100<sup>TH</sup> ST. SW, UNIT A  
EVERETT, WA 98204

EXECUTED this 14 day of January, 2020, at Lacey, Washington.

  
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Ashlie Laydon  
Rules Coordinator

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