

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Revocation of the License to)
Conduct Gambling Activities of:)
)
)
Linda L. Schaefer)
Hayden, Oregon,)
)
Licensee.)
_____)

NO. CR 2013-00356

**NOTICE OF ADMINISTRATIVE
CHARGES AND OPPORTUNITY
FOR AN ADJUDICATIVE
PROCEEDING**

I.

The Washington State Gambling Commission issued Linda L. Schaefer the following license:

Number 68-18922, authorizing Card Room Employee activity with Ringo's Little Vegas Casino.

The license expires on January 6, 2014, and was issued subject to Ms. Schaefer's compliance with state gambling laws and rules.

II.

David Trujillo, Interim Director of the Washington State Gambling Commission, charges the licensee with the following violations of the Washington State Gambling Act, 9.46 RCW, and WAC Title 230:

SUMMARY:

Linda L. Schaefer was issued a Card Room Employee (CRE) license in January of 2013. Previously, when Ms. Schaefer was a substantial interest holder/owner for Ringo's Little Vegas, at least 11 Notices of Violation and Settlement (NOVAS)¹ or administrative charges were issued against that cardroom. In January of 2011, Ringo's Little Vegas agreed to a settlement order which provided that Ms. Schaefer would have no involvement with Ringo's Little Vegas.

FACTS:

1) Linda L. Schaefer was issued a CRE license on or about January 29, 2004. She subsequently surrendered her license on or about November 12, 2004. She was a substantial interest holder/owner of Ringo's Little Vegas at the time and did not need an individual's license to work there.

2) While she was a substantial interest holder/owner the organization had the following administrative actions taken against their license:

¹ NOVAS- Notice of Violation and Settlement identifies the violation and gives the licensee the opportunity to pay a fine to settle the matter.

- Case # 2005-01846: On October 10, 2005, Ringo's Little Vegas was issued a NOVAS for violations of WAC 230-40-815 Administrative and Accounting Control Structure.
- Case # 2005-01871 and 2005-01847: On October 10, 2005, Linda Schaefer attended an exit conference to discuss the findings of a records inspection and Ringo's Little Vegas was issued a NOVAS for violations of Key Controls.
- Case # 2006-01539: On or about September 18, 2006, charges were issued against Ringo's Little Vegas for failure to notify the Commission of multiple loans. On October 30, 2006, the Administrative Law Judge (ALJ) signed a Settlement Order for a three-day suspension, with one day deferred for one year and two days vacated by paying a \$12,416 fine and costs.
- Case # 2007-01790: On November 2, 2007, Ringo's Little Vegas was issued a NOVAS for allowing a minor for gamble.
- Case # 2007-01791: On November 2, 2007, Ringo's Little Vegas was issued a NOVAS for failing to submit adequate internal controls.
- Case # 2008-00082: On or about February 13, 2008, charges were issued against Ringo's Little Vegas for a violation of internal controls. On April 30, 2008, the ALJ signed a Settlement Order for a three-day suspension, with two days deferred for one year and one day vacated by paying a \$1,300 fine and costs.
- Case # 2008-01367: On or about September 23, 2008, charges were issued against Ringo's Little Vegas for failure to notify the Commission of a \$40,000 loan.
- Case # 2009-00167: On or about February 6, 2009, the charges issued in case number 2008-01367 were amended to add charges related to the licensee's failure to disclose Thomas and Linda Schaefer's bankruptcy. On March 20, 2009, the ALJ signed a Settlement Order for a seven-day suspension, with five days deferred for one year and two days vacated by paying a \$12,006 fine and costs. Additionally, the licensee agreed to vacate the one day deferred suspension period provided in the October 2006 Settlement Order by paying a fine of \$5,158.
- Case # 2009-00249: On or about April 21, 2009, charges were issued against Ringo's Little Vegas for multiple surveillance violations. On June 16, 2009, the ALJ signed a Settlement Order for a five-day suspension, with four days deferred for one year and one day vacated by paying a \$8,200 fine and costs.
- Case # 2009-01812: On or about April 14, 2010, charges were issued against Ringo's Little Vegas for failure to maintain documents and Player Supported Jackpot (PSJ) violations. On or about September 17, 2010, the charges were amended and combined with case number 2010-00998. At that time the charges were amended to remove the PSJ violations because it was determined that Linda Schaefer was not an owner at the time of the PSJ violations.

- Case # 2010-00447: On or about July 6, 2010, charges were issued against Ringo's Little Vegas for Thomas Schaefer issuing credit to himself to play poker at Ringo's Little Vegas.
- Case # 2010-00998: On or about September 17, 2010, amended charges were issued for case # 2009-01812, which added case number 2010-00998. The additional charges stemmed from Ringo's Little Vegas failing to notify the Commission of the transfer of Thomas and Linda Schaefer's stock to the bankruptcy trustee in August 2007. Also, the licensee made false and misleading statements when they filed documents with the Commission indicating Thomas and Linda Schaefer were still owners of the licensee. These documents include an Action by Shareholders, which Thomas and Linda Schaefer signed as shareholders.
- On January 12, 2011, the ALJ signed a settlement order for case numbers 2009-01812, 2010-00447, and 2010-00998. As part of this order, Ringo's agreed that Linda L. Schaefer would have "no involvement directly or indirectly, with any gambling activity," or any involvement with Ringo's. Ringo's agreed to a twelve-day suspension, with seven days deferred for one year and five days served. Additionally, the licensee agreed to serve a suspension of three of seven days previously deferred from the April 2008 and March 2009 Settlement Orders.²

3) On or about January 24, 2013, a Washington State Gambling Commission Special Agent (agent) received information that Linda L. Schaefer had been issued a Public Card Room Employee (CRE) license and was working at Ringo's Little Vegas Casino.

4) On January 31, 2013, the agent called a Customer Service Specialist (CSS) in the Commission's Licensing Operations Division and asked her about Ms. Schaefer's application. She stated she inadvertently missed the comment in the Gambling Information Management System to notify the Communications and Legal Department if Ms. Schaefer submitted an application. She also noted that the application asks if the applicant had ever been licensed before and if so, was the license suspended. Ms. Schaefer marked "no."

VIOLATIONS:

RCW 9.46.075 Denying, suspending, or revoking an application, license or permit

The commission may deny an application, or suspend or revoke any license or permit issued by it, for any reason or reasons, it deems to be in the public interest. These reasons shall include, but not be limited to, cases wherein the applicant or licensee, or any person with any interest therein: (The following subsections apply.)

(1) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the commission pursuant thereto, or when a violation of any provision of chapter 9.46 RCW, or any commission rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control.

² Ringo's Little Vegas was subsequently licensed under new ownership on January 25, 2011.

(3) Has obtained a license or permit by fraud, misrepresentation, concealment, or through inadvertence or mistake;

(8) Fails to prove, by clear and convincing evidence, that she is qualified in accordance with the provisions of this chapter.

WAC 230-03-085 Denying, suspending, or revoking an application, license or permit

We may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization:

(The following subsections apply.)

(1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.

(8) Poses a threat to the effective regulation of gambling, or creates or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gambling activities, as demonstrated by:

- (a) Prior activities; or
- (b) Criminal record; or
- (c) Reputation; or
- (d) Habits.

RCW 9.46.153(1) Applicants and licensees-Responsibilities and duties

It shall be the affirmative responsibility of each applicant and licensee to establish by clear and convincing evidence the necessary qualifications for licensure of each person required to be qualified under this chapter, as well as the qualifications of the facility in which the licensed activity will be conducted.

During the time, Ms. Schaefer was an owner or substantial interest holder in Ringo's Little Vegas, that licensee was issued at least 11 sets of administrative charges or NOVAS. One of the charges was for misrepresenting herself as an owner of Ringo's Little Vegas nearly three years after transferring her shares to a bankruptcy trustee. Ms. Schaefer's prior activities demonstrate that she poses a threat to the effective regulation of gambling. As a result, she has failed to prove by clear and convincing evidence the necessary qualifications for licensure, in violation of RCW 9.46.153. Therefore, under RCW 9.46.075(1), (3), and (8) and WAC 230-03-085(1), and (8), grounds exist to revoke Ms. Schaefer's license.

III.

Jurisdiction of this proceeding is based on 9.46 RCW, Gambling, chapter 34.05 RCW, the Administrative Procedure Act, and WAC Title 230.

The licensee will have the opportunity to have a hearing on the alleged violations.

In order to have a hearing or discuss settlement options, the enclosed request for hearing must be completed and returned to the Gambling Commission **within 23 days** from the date of the mailing of this notice.

Based on RCW 34.05.440, failure to return a request for hearing will result in the entry of a default order REVOKING your license.

STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

David Trujillo, being duly sworn on oath, says: That he has read this Notice of Administrative Charges and Opportunity for An Adjudicative Proceeding, knows the contents of it, believes it to be true, that he is the Interim Director of the Washington State Gambling Commission, and in that capacity has executed said Notice.

David Trujillo
DAVID TRUJILLO, INTERIM DIRECTOR

SUBSCRIBED AND SWORN TO before me
this 14 day of May, 2013.

Maureen Pretell
NOTARY PUBLIC in and for the State of
Washington residing at Thurston County

My commission expires on December 2, 2015

STATE OF WASHINGTON)
)
COUNTY OF THURSTON)

I certify I have this day served a copy of the document upon all parties of record in the proceeding by mailing a copy, property addressed with postage prepaid, by regular and certified mail to each party to the proceeding or his or her attorney or authorized agent.

Dated at Olympia, Washington this 14 day of May, 2013
Maureen Pretell

