

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Suspension of the Licenses)	NO. CR 2008-01367
to Conduct Gambling Activities of:)	CR 2009-00167
)	
<i>Northwest Gaming Inc.,</i>)	AMENDED
<i>d/b/a Ringo's Little Vegas,</i>)	NOTICE OF ADMINISTRATIVE
11420 E. Sprague Avenue)	CHARGES AND OPPORTUNITY
Spokane, Washington)	FOR AN ADJUDICATIVE
)	PROCEEDING
)	
Licensee.)	<i>Amendments are in italics</i>
_____)	

I.

The Washington State Gambling Commission issued *Northwest Gaming Inc., d/b/a Ringo's Little Vegas*, organization number 00-20217, the following licenses:

- 67-00223, Authorizing Class "13" House-Banked Card Room Activity.
- 05-20041, Authorizing Class "C" Punchboard/Pull-Tab Activity.

The licenses expire on September 30, 2009, and were issued subject to the licensee's compliance with state gambling laws and regulations.

II.

Rick Day, 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:

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- On March 2, 2007, the licensee received a promissory note for \$40,000 from other than a recognized financial institution.
- In July 2008, a Commission Special Agent (agent) reviewed the licensee's financial statements for 2007 and discovered that the licensee did not disclose this loan. The agent notified the licensee that it did not disclose the March 2, 2007, promissory note.
- On August 7, 2008, the licensee faxed information about the March 2, 2007, promissory note to the agent.
- Previously in September 2006, the licensee had administrative charges issued against it for failure to timely report loans received from other than a recognized financial institution within sixty days following the transaction date. (Case Report 2006-01539)

- The licensee failed to timely report a March 2, 2007, \$40,000 loan from other than a recognized financial institution within sixty days following the transaction date. This violates former WAC 230-12-305(4) and (5).
- Therefore, under RCW 9.46.075(1), and (7), WAC 230-03-085(1), (3), and (7), and former WAC 230-04-400(1), (3), (8), and (11), grounds exist to suspend Ringo's Little Vegas' licenses.
- Additionally, this is a violation of a previous Settlement Order, dated October 2006 and, grounds exist to impose the one-day deferred suspension pursuant to that Settlement Order.

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- *In June 2007, the Treasurer of Northwest Gaming Inc., Thomas Schafer, filed bankruptcy. The licensee did not report Mr. Schafer's bankruptcy until January 2009. This is violation of former WAC 230-12-310.*

- **RCW 9.46.075(1) and (7)** state:

The Commission may suspend 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:

(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;

(7) Makes a misrepresentation of, or fails to disclose, a material fact to the Commission.

- **WAC 230-03-085(1), (3), and (7)** Denying, suspending, or revoking an application, license or permit.

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

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

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level.

(7) Fails to provide us with any information required under Commission rules within the time required, or, if the rule establishes no time limit, within thirty days after receiving a written request from us.

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- **Former WAC 230-04-400(1), (3), (8), and (11)**¹ suspension of licenses.

The Commission may deny a license or permit to any applicant, or may suspend or revoke any and all licenses or permits of any holder, when the applicant or holder, or any other person with any interest in the applicant or holder:

- (1) Commits any act that constitutes grounds under RCW 9.46.075 for denying, suspending, or revoking licenses or permits;
- (3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level. This includes, but is not limited to, failure to make required gambling tax payments to local taxing authorities, as supported by a petition submitted by the local taxing authority;
- (8) Fails to provide at the office of the Commission any information required under the Commission's rules within the time required therefor by applicable rule, or if no maximum time has been established respecting the particular kind of information by other rule then within thirty days after receiving a written request therefor from the Commission or its staff;
- (11) Commits any other act that the Commission determines constitutes a sufficient reason in the public interest for suspending, licenses or permits that the Commission may suspend any license when the licensee commits any act that constitutes grounds under RCW 9.46.075 for suspending a license or commits any other act that the Commission determines constitutes a sufficient reason in the public interest for suspending a license.

- **Former WAC 230-12-305(4) and (5)**² Licensee required to submit updated documents or information.

In addition to any other requirements set forth in these rules, persons licensed by the Commission shall submit any new or updated documents or information including, but not limited to, the following:

- (4) All cash or asset contributions, draws from lines of credit, and loans, from other than recognized financial institutions, which individually or collectively exceed a total of ten thousand dollars during any calendar year: Provided, That cash or asset contributions do not include donations to licensed charitable or nonprofit organizations.

Submission timeline.

- (5) The new or updated documents and/or information shall be submitted to the Commission no later than sixty days following the transaction(s) date.

- **WAC 230-06-080** Report changes to application information and submit updated documents and information.

- (1) Licensees must notify us in writing if any information filed with the application

¹ The agency has rewritten its rules as a part of a Rule Simplification Process. Effective January 1, 2008, this rule is now referenced in WAC 230-03-085.

² The agency has rewritten its rules as a part of a Rule Simplification Process. Effective January 1, 2008, this rule is now referenced in WAC 230-06-080.

changes in any way within thirty days of the change.

(2) Licensees must submit to us any new or updated documents and information, including the following:

(a) Articles of incorporation or bylaws, or any other documents which set out the organizational structure and purposes; and

(b) All oral or written contracts and agreements which relate to gambling activities or alter the organizational structure of the licensee's organization or business activities in Washington; and

(c) All cash or asset contributions, draws from lines of credit, and loans (except those from recognized financial institutions) during any calendar year which by themselves or totaled together are more than ten thousand dollars. Cash or asset contributions do not include donations to licensed charitable or nonprofit organizations; and

(d) Internal Revenue Service tax-deductible status of contributions for charitable and nonprofit organizations.

- **Former WAC 230-12-310³** Licensees to report to the commission civil, criminal and administrative actions filed against them.

(1) Each licensee shall report to the Commission within fourteen days, all criminal actions filed against the licensee or the licensee's president, chief executive officer, chairperson of the board, treasurer (chief financial officer), partner, person holding a substantial interest or manager of the licensed gambling activity. The final disposition of the case must be received by the commission within thirty days after the final disposition.

(2) Each licensee shall report to the Commission within thirty days, all civil and administrative actions filed by or against persons listed in subsection (1) of this section that involve ownership or control of the business, dissolutions, actions significantly affecting business interests, such as patent or copyright infringement and all administrative actions from other gambling regulatory agencies, including those from other countries and Indian tribes. The final disposition of the case must be received by the commission within thirty days of the final disposition.

(3) The report shall consist of a complete copy of the original documents filed. The licensee shall notify the Commission of the final disposition of the case and include a copy of the final documents filed including, but not limited to, settlement agreements.

(4) The director may exempt reporting specific types of civil actions upon written request and for good cause shown.

III

III

³ Effective January 1, 2008, this rule is now referenced in WAC 230-06-090.

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 this document will result in the entry of a default order SUSPENDING your licenses for 30 DAYS.

STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

Rick Day, being duly sworn on oath, says: That he has read this *Amended* Notice of Administrative Charges and Opportunity for An Adjudicative Proceeding for Ringo's Little Vegas, knows the contents of it, believes it to be true, that he is the Director of the Washington State Gambling Commission, and in that capacity has executed said Notice.

Rick Day

RICK DAY, DIRECTOR

STATE OF WASHINGTON)
) ss
COUNTY OF THURSTON)

SUBSCRIBED AND SWORN TO before me this 6th day of February, 2009.

Gail A. Grate

NOTARY PUBLIC in and for the State of Washington residing at Thurston County
My commission expires on 7-12-2011

I hereby certify that I have this day served a copy of the document upon all parties of record in the proceeding by mailing a copy thereof, properly 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 6th day of February, 2009

Communications and Legal Department
Washington State Gambling Commission

Maureen Prebitt

