

MAR 24 2009

STATE OF WASHINGTON  
GAMBLING COMMISSION

GAMBLING COMMISSION  
COMM & LEGAL DEPT

In the Matter of the Suspension the Licenses	)	
to Conduct Gambling Activities of:	)	CR 2008-01367
	)	2009-00167
Northwest Gaming Inc.,	)	
d/b/a Ringo's Little Vegas,	)	<b>SETTLEMENT ORDER</b>
	)	
Licensee.	)	
_____	)	

This Settlement Order is entered into between the Washington State Gambling Commission and Northwest Gaming Inc., d/b/a Ringo's Little Vegas. H. Bruce Marvin, Assistant Attorney General, and Melinda Froud, Staff Attorney, represent the Commission. The licensee is represented by Dave Malone of Miller Malone & Tellefson.

I.

The Washington State Gambling Commission has issued Ringo's Little Vegas (Ringo's), organization number 00-20217, 2721 North Market, Spokane, the following licenses:

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

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

II.

In the above-entitled case, the Gambling Commission issued a Notice of Administrative Charges and Opportunity for an Adjudicative Hearing on September 23, 2008, seeking the suspension of Ringo's licenses to conduct gambling activities. On October 9, 2008, Commission staff received the licensee's request for a hearing. On February 6, 2009, the Gambling Commission issued an Amended Notice of Administrative Charges and Opportunity for an Adjudicative Hearing.

The following summary of facts and violations were alleged in the Notice of Administrative Charges:

- 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.
- In June 2007, the Treasurer of Northwest Gaming Inc., Thomas Schaefer, filed bankruptcy. The licensee did not report Mr. Schaefer's bankruptcy until January 2009.
- 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.

**RCW 9.46.075(1) and (7)**

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.

**Former WAC 230-04-400(1), (3), (8), and (11)<sup>1</sup> 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;

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<sup>1</sup> Effective January 1, 2008, this rule is now referenced in WAC 230-03-085.

(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)<sup>2</sup>** 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.

**Former WAC 230-12-310<sup>3</sup>** 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.

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2 Effective January 1, 2008, this rule is now referenced in WAC 230-06-080.

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

### III.

The licensee acknowledges that it received the Notices of Administrative Charges issued in this case, and understands the facts and violations contained therein. The licensee has waived its right to a hearing, based on the terms and conditions of this Settlement Order. While not admitting to the violations specified above in section II, the licensee agrees that if the alleged facts in this case were established by the Gambling Commission, there would be sufficient evidence of the violations as set forth above. The licensee agrees to the following terms and sanctions:

- 1) The licensee's gambling licenses are hereby suspended for a period of **seven (7) days**, provided that:
  - a) **Five (5) days** of the suspension shall not be currently served, but shall be deferred for a period of one year from the date of entry of this Settlement Order, subject to the following: The licensee agrees not to violate the terms of this Settlement Order, or any of Washington's gambling statutes or regulations during the one (1) year term. If the licensee violates this Settlement Order or gambling statutes or regulations, and if the violation is the type that warrants the filing of administrative or criminal charges, then the Director may impose the five-day deferred suspension of the current gambling licenses and any subsequently acquired gambling licenses.
  - b) The parties agree that the Director of the Washington State Gambling Commission, pursuant to this agreement, has discretion to determine whether the licensee has violated any term of this agreement. In the event the Director determines that a violation of this agreement has occurred, he may suspend the license(s) issued to the licensee for up to five days, by mailing or delivering a Notice of Order of Administrative Charges to the licensee. In addition to the consequences of the new violation, the deferred sentence shall also be served. The licensee shall be afforded the opportunity to have an Adjudicative Proceeding, which includes a hearing on the alleged violations.
  - c) Pursuant to RCW 9.46.077, the licensee has chosen to **vacate the remaining two (2) days of this suspension** by paying a monetary penalty of ten thousand, three hundred sixteen dollars (\$10,316) which represents seventy-five percent of the licensee's net gambling receipts and administrative costs of one thousand, six hundred ninety dollars (\$1,690).
  - d) **Additionally, the licensee will vacate the one (1) day deferred suspension period** provided in the October 2006, Settlement Order by paying a monetary penalty of five thousand, one hundred fifty-eight dollars (\$5,158) which represents seventy-five percent of the licensee's net gambling receipts for one day.
  - e) **The total amount that the licensee agrees to pay to the Commission is seventeen thousand, one hundred sixty-four dollars (\$17,164).**

f) Payments are due in two installments.

- The first installment of **\$8,582 is due by March 10, 2009.**
- The second installment of **\$8,582 is due by April 10, 2009.**

Payments must be **mailed** to Commission Headquarters at the following address:

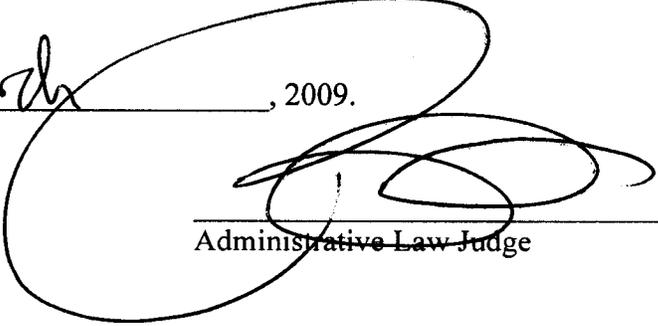
Washington State Gambling Commission  
Attention: Communications and Legal Division – Fines  
P.O. Box 42400  
Olympia, WA 98504-2400

or **delivered** (in person or via private courier) to the following address:

Washington State Gambling Commission  
4565 7<sup>th</sup> Avenue SE; Fourth Floor  
Attention: Communications and Legal Division – Fines  
Lacey, WA 98503

- 2) **The signed order must be received by Commission staff on or before March 10, 2009.**
- 3) If no violations occur within the one (1) year period, and the licensee makes its payments by the dates agreed to in this Settlement Order, this matter will be deemed closed.
- 4) If the licensee fails to timely make any of its payments, the Director may impose a two (2) day suspension for each late payment. However, serving a suspension does not relieve the licensee of the obligation to pay its fine.

DATED this 20<sup>th</sup> day of March, 2009.

  
\_\_\_\_\_  
Administrative Law Judge

APPROVED FOR ENTRY:

APPROVED AS TO FORM:

By the signature below, the licensee acknowledges reading the Settlement Order, and understands the terms and conditions contained in it.

Ty Cannon 3/10/2009  
Ty Cannon DATE  
President of Ringo's Little Vegas

David Malone  
David Malone, WSBA #23435  
Miller Malone & Tellefson,  
Representing Ringo's Little Vegas

Melinda Froud  
Melinda Froud, WSBA#26792  
Lead Staff Attorney,  
Washington State Gambling Commission

H. Bruce Marvitz  
H. Bruce Marvitz, WSBA #25152  
Assistant Attorney General,  
Representing the Washington  
State Gambling Commission