

III. ISSUES

Whether the Appellant was in violation of R.I. Gen. Laws § 3-5-23 on August 15, 2016 and if so, what sanction(s) should be imposed.

IV. MATERIAL FACTS AND TESTIMONY

The parties relied on the record from the Board regarding the August 15, 2016 incidence.

Before the Board, Sergeant Patrick Potter (“Potter”), Providence Police Department, testified on behalf of the City. He testified that he was on duty in the early morning hours of August 15, 2016 at about 12:30 a.m. and as he was driving past the Appellant with his car window open, he heard the sound of a gunshot from inside the club. He testified that he parked and exited his car and there were people coming out of the Appellant more quickly than they would be at 12:30 a.m. and he radioed for shots fired and an officer quickly responded. He testified that once they went inside they did not see any initial victims or the shooter, but there was a possible crime scene so they started moving people out the front door. He testified that Officer Mendez located a shell casing on the ground in the search of the Appellant. He testified that the shell casing was found towards the front of the bar going toward the bathroom. He testified that the Appellant’s owner told him that there had been a fight inside that he tried breaking it up and someone shot a gun in the air. He testified that the owner provided a description of the shooter and identified three (3) men involved in the altercation. He testified that a man was identified who was hit by the ricocheting bullet and the man said there was a fight inside, he tried to break it up, the firearm was discharged, and he felt the wound on his arm. On cross-examination, Potter testified that the owner did give a description of the possible shooter. On redirect, Potter testified that the owner identified the individuals involved in the altercation, but they were not involved in discharging the weapon.

On questioning from the Board, he testified that there was a bullet hole in the ceiling above the area where the casing was found.

Before the Board, Officer Jose Mendez, Providence Police Department, testified on behalf of the City. He testified that he responded to the Appellant in response to Potter's call and when he arrived, people were leaving the Appellant. He testified that he entered the establishment behind Potter and moved people toward the front of the club. He testified that he found the shell casing in the corner of the bar area.

Before the Board, Sargent David Tejada, Providence Police Department, testified on behalf of the City. He testified that the Appellant turned over its security video, but none had been taken of the shooting. He testified that the Appellant in the past has turned over video when requested.

Before the Board, Jesus Titin ("Titin") testified on behalf of the Appellant. He testified that he is the owner of the Appellant and has owned it for four (4) years and has owned Mi Sueno for 14 years and has been in the business for 20 years. He testified that on August 15, 2016, he was at the main entrance watching the bar and there was a disturbance next to the bathroom where patrons were arguing. He testified that someone threw something and that is when the shooter shot in the air. He testified that he had four (4) security on that night and three (3) bartenders and three (3) waitresses. He testified that he does not have an entertainment license and does not have an "N" license. He testified that there were two (2) security at the front door and two (2) in the back. He testified that after the gun went off, everyone started running and he went after the group that had the gun. He testified that because of this incident, he fired the security company and plans to hire a new security company. He testified that he is not required by the Board to have a security plan. He testified that he told Potter that six (6) people were there that were involved in an altercation near the bathroom and that they were arguing and when he went over there, one of the

people started throwing things and when the shooter took the gun out, everyone ran and he followed them. He testified he was able to identify three (3) of the people involved in the fight, but not the shooter. He testified that video could not be extracted of this incident which he thinks is because of the age and heat of the system so the video unit will be put in the basement rather than the attic as it would be cooler. He testified that because of this incident, he is willing to put in warrants. On cross-examination, Titin testified that security is to check patrons' identifications and pat them down before entry, but he believes that the security did not pat down the shooter and those involved in the altercation as the security staff member knew them so just let them in.

V. DISCUSSION

A. **Legislative Intent**

The Rhode Island Supreme Court has consistently held that it effectuates legislative intent by examining a statute in its entirety and giving words their plain and ordinary meaning. *In re Falstaff Brewing Corp.*, 637 A.2d 1047 (R.I. 1994). If a statute is clear and unambiguous, “the Court must interpret the statute literally and must give the words of the statute their plain and ordinary meanings.” *Oliveira v. Lombardi*, 794 A.2d 453, 457 (R.I. 2002) (citation omitted). The Supreme Court has also established that it will not interpret legislative enactments in a manner that renders them nugatory or that would produce an unreasonable result. See *Defenders of Animals v. DEM*, 553 A.2d 541 (R.I. 1989) (citation omitted). In cases where a statute may contain ambiguous language, the Rhode Island Supreme Court has consistently held that the legislative intent must be considered. *Providence Journal Co. v. Rodgers*, 711 A.2d 1131 (R.I. 1998).

B. The Appeal before the Department

The hearing before the undersigned is a *de novo* hearing so that the parties start afresh during the appeal. See *A.J.C. Enterprises v. Pastore*, 473 A.2d 269 (R.I. 1984) (as the hearing is a *de novo* hearing rather than an appellate review of what occurred at the municipal level, any alleged error of law or fact committed by the municipal agency is of no consequence). See also *Hallene v. Smith*, 201 A.2d 921 (R.I. 1964); *Cesaroni v. Smith*, 202 A.2d 292 (R.I. 1964). Thus, while there was not a totally new hearing before the Department, the proceeding before the Department is considered a *de novo* hearing. The outcome of an appeal is a decision whether to uphold, overturn, or modify a licensing board's decision. Therefore, this appeal is not bound by the Board's reasons for revocation but whether the Board presented its case for revocation before the undersigned. The undersigned will make her findings on the basis of the evidence before her and determine whether that evidence justifies said revocation.

The Department reviews sanctions to ensure statewide consistency and appropriateness in the situation. It also supports progressive discipline barring the rare and extreme event where revocation may be warranted without prior discipline. It also accepts the principles of comity and deference to the local authorities and their desire to have control over their own town or city. At the same time, pursuant to R.I. Gen. Laws § 3-2-2 and R.I. Gen. Laws § 3-7-21, the Department ensures that tensions between local boards and licensees are settled in a consistent manner. Nonetheless, there is not a mechanical application of sanctions as each matter has its own sets of circumstances. See *C&L Lounge, Inc. d/b/a Gabby's Bar and Grille; Gabriel L. Lopes v. Town of North Providence*, LCA – NP-98-17 (4/30/99). At the same time, a sanction cannot be arbitrary and capricious. The unevenness of the application of a sanction does not render its application unwarranted in law but excessive variance would be evidence that an action was arbitrary and

capricious. *Pakse Market Corp. v. McConaghy*, 2003 WL 1880122 (R.I. Super.) (upholding revocation for a series on infractions). See *Jake and Ella's v. Department of Business Regulation*, 2002 WL 977812 (R.I. Super.) (R.I. Super.) (overturning a revocation of a liquor license as arbitrary and capricious).

An appeal proceeding held pursuant to R.I. Gen. Laws § 3-7-21 is considered a civil proceeding. See *Board of License Commissioners of Tiverton v. Pastore*, 463 A.2d 161 (R.I. 1983). See also *Scialo v. Smith*, 210 A.2d 595 (R.I. 1965). In civil proceedings, unless otherwise specified, the burden of proof generally needed for moving parties to prevail is a fair preponderance of the evidence. *Jackson Furniture Co. v Lieberman*, 14 A.2d 27 (R.I. 1940). See also *Parenti v. McConaghy*, 2006 WL 1314255 (R.I. Super.); and *Manny's Café, Inc. v. Tiverton Board of Commissioners*, LCA TI-97-16 (11/10/97) (Department decision discusses burden of proof for proceedings held pursuant to R.I. Gen. Laws § 3-7-21).

C. Arguments

The City argued that since the Appellant failed to prevent a gun from getting inside the establishment, the License should be revoked which makes any after the fact change in policies irrelevant. The City argued that a gun was allowed inside and it went off and with the Appellant's past licensing history that is enough to support revocation. The City argued if a gun being inside an establishment is not a revocation case, then what would be?

The Appellant argued that the Appellant does not hold an N license so was not required by law to have a security team, but had a security team anyway. The Appellant argued that the post-incident security plan would have prevented the gun being brought inside. The Appellant argued it was temporarily closed after the incident and has not been able to close at 2:00 a.m. since the incident. The Appellant argued that there has been no problems since the Appellant re-opened on

a limited basis. The Appellant argued that the revocation of the BX is not warranted because the incident did not happen on a Friday or a Saturday night, but on Sunday to Monday. The Appellant argued that the owner has taken steps to prevent this kind of incident happening again and cooperated with the police investigation. The Appellant argued that it has much community support and the owner has many years of experience in the hospitality business and is positive member of the community.

D. Sanctions Prior to August 15, 2016

The Appellant was licensed in 2012. In 2013, it received administrative penalties totaling \$1,995 for violations of underage drinking, entertainment without a license, and public smoking (no disorderly conduct). In 2014, it received administrative penalties totaling \$1,250 for drink specials and entertainment without a license (no disorderly conduct). In October, 2015, the Appellant had its License suspended for four (4) days and an administrative penalty of \$1,500 imposed for disorderly conduct⁴ and in April, 2016, it had a three (3) day suspension for disorderly conduct.

E. When Revocation of License is Justified

R.I. Gen. Laws § 3-5-23 states in part as follows:

(b) If any licensed person permits the house or place where he or she is licensed to sell beverages under the provisions of this title to become disorderly as to annoy and disturb the persons inhabiting or residing in the neighborhood . . . he or she may be summoned before the board, body, or official which issued his or her license and before the department, when he or she and the witnesses for and against him or her may be heard. If it appears to the satisfaction of the board, body, or official hearing the charges that the licensee has violated any of the provisions of this title or has permitted any of the things listed in this section, then the board, body, or official may suspend or revoke the license or enter another order.

⁴ The Appellant's licensing history implies there was a disturbance. The parties agreed at the stay hearing that the suspension related to disorderly conduct.

In revoking a liquor license, it is not necessary to find that a liquor licensee affirmatively permitted patrons to engage in disorderly conduct. Rather, the Rhode Island Supreme Court held in *Cesaroni* at 295-296 as follows:

[T]he legislature, in enacting the pertinent provision of the statute, intended to impose upon such licensee the obligation to maintain an efficient and affirmative supervision over the conduct of his patrons in his place to such an extent as is necessary to maintain order therein. It is our opinion that as a practical matter a licensee assumes an obligation to affirmatively supervise the conduct of his patrons so as to preclude the generation therefrom of conditions in the neighborhood of like character to conditions that would result from maintenance of a nuisance therein.

It is to be conceded that this imposes upon a licensee an onerous burden in the management of the licensed premises. It is, however, within the authority of the legislature, the liquor traffic being peculiarly within the police power of the state.

Furthermore, the Court found that “disorderly” as contemplated in the statute meant as follows:

The word "disorderly" as used here contemplates conduct within premises where liquor is dispensed under a license that causes either directly or indirectly conditions in the neighborhood in annoyance of or disturbing to the residents thereof. *Id.* at 296.

Thus, a liquor licensee has the “responsibility to control the conduct of its patrons both within and without the premises in a manner so that the laws and regulations to which the license is subject will not be violated.” *Schillers, Inc. v. Pastore*, 419 A. 2d 859 (R.I. 1980).

A liquor licensee is accountable for violations of law that occur on its premises and outside. *Vitali v. Smith*, 254 A.2d 766 (R.I. 1969). It is not a defense that a licensee is not aware of the violations or provided supervision to try to prevent violation. While such a responsibility may be onerous, a licensee is subject to such a burden by the legislature and accepted such conditions by becoming licensed. *Therault v. O’Dowd*, 223 A.2d 841, 842-3 (R.I. 1966). See also *Scialo v. Smith*, 99 R.I. 738 (R.I. 1965). As the Supreme Court has found, “the responsibility of a licensee for the conduct of his patrons within the licensed premises that makes it disorderly within the

meaning of the statute is established by evidence showing a toleration or acquiescence in such conduct by the licensee.” *Cesaroni*, at 296. See also *AJC Enterprises; Schillers*; and *Furtado v. Sarkas*, 118 R.I. 218 (1977).

Nonetheless, the revocation of a liquor license is a relatively rare event and is reserved for a severe infraction or a series of smaller infractions that rise to a level of jeopardizing public safety. See *Stagebands, Inc. d/b/a Club Giza v. Department of Business Regulation*, 2009 WL 3328598 (R.I. Super.) (several disturbances and a shooting on one night justified revocation) and *Pakse Market Corp. v. McConaghy*, 2003 WL 1880122 (R.I. Super.) (upholding revocation of license when had four (4) incidents of underage sales within three (3) years). See also *Cardio Enterprises, d/b/a Comfort Zone Sports Bar v. Providence Board of Licenses*, DBR No.: 06-L-0207 (3/29/07) (killing of patron with incident starting inside and escalating outside justified revocation); *PAP Restaurant, Inc. v. d/b/a Tailgate’s Grill and Bar v. Town of Smithfield , Board of License Commissioners*, DBR No.: 03-L-0019 (5/8/03) (series of infractions justified revocation); and *Tropics, Inc. d/b/a Club Tropics v. City of Warwick, Board of Public Safety*, LCA-WA-97-05 (2/28/97) (series of infractions justified revocation).

Thus, the Department will uphold a revocation where an incident is so egregious as to justify revocation without progressive discipline.⁵ However, the Department will decline to uphold a revocation where the violation is not so egregious or extreme and the local authority has not engaged in progressive discipline. *Infra*.

F. What Sanction is Justified

From *Cesaroni* in 1964 to *Schillers* in 1980 up until today, a liquor licensee is responsible for activities inside and outside its licensed premises. It does not matter how well a liquor licensee

⁵ Progressive discipline relies on the sanctions imposed on a licensee by a licensing authority.

supervises such responsibilities since even the most responsible supervising licensee is still responsible for disorderly conduct. See *Therault*.

R.I. Gen. Laws § 3-7-7⁶ provides that a town or city may grant a Class B licensee a 2:00 a.m. closing time on Friday and Saturday nights. An extended license is treated as a separate license. See *28 Prospect Hill Street, Inc. v. Gaines*, 461 A.2d 923 (R.I. 1983). The Appellant has an extended license.

As discussed above, the sanctions imposed for R.I. Gen. Laws § 3-5-23 vary depending on the type of disorderly conduct. Very serious and egregious violations that involve weapons and/or serious assaults could result in a revocation of license. E.g. *Cardio Enterprises*. A long suspension may be imposed for severe disorderly conduct. E.g. *C & L Lounge, Inc. d/b/a Gabby's Bar and Grill; Gabriel Lopes v. Town of North Providence*, LCA-NP-98-17 (4/30/99) (30 day suspension for severe disorderly conduct but not so severe as to merit revocation). In *JJAM Sports, Inc. d/b/a LaCabana Night Club Sports Bar and Grille, Inc. v. Lincoln Board of License Commissioners*, LCA-LI-99-05 (12/27/99), the Department uphold a two (2) day suspension for a fight inside the bar and a second fight outside in the parking lot with the patrons refusing to leave and police (including from the adjoining community) being called to clear the patrons and a police officer

⁶ R.I. Gen. Laws § 3-7-7 states in part as follows:

Class B license. – (a)(1) A retailer's Class B license is issued only to a licensed bona fide tavern keeper or victualer whose tavern or victualing house may be open for business and regularly patronized at least from nine o'clock (9:00) a.m. to seven o'clock (7:00) p.m. provided no beverage is sold or served after one o'clock (1:00) a.m., nor before six o'clock (6:00) a.m. Local licensing boards may fix an earlier closing time within their jurisdiction, at their discretion. The East Greenwich town council may, in its discretion, issue full and limited Class B licenses which may not be transferred, but which shall revert to the town of East Greenwich if not renewed by the holder.

(4) Any holder of a Class B license may, upon the approval of the local licensing board and for the additional payment of two hundred dollars (\$200) to five hundred dollars (\$500), open for business at twelve o'clock (12:00) p.m. and on Fridays and Saturdays and the night before legal state holidays may close at two o'clock (2:00) a.m. All requests for a two o'clock (2:00) a.m. license shall be advertised by the local licensing board in a newspaper having a circulation in the county where the establishment applying for the license is located.

had a beer bottle thrown at him. More recently, *DL Enterprises d/b/a East Bay Tavern v. East Providence City Council*, DBR No. 14LQ009 (4/28/14), the Department reduced revocation to a 14 day suspension for fighting inside bar where there was allegations of stabbing but no positive identification of a weapon.

In *Moe's Place, Inc. d/b/a D'Noche v. City of Providence, Board of Licenses*, DBR No. 14LQ022 (6/24/14), the licensee received a two (2) day suspension for disorderly conduct when two (2) drunk patrons that had fought inside (but not physically) were escorted outside where they were belligerent but not physical. That licensee had recently had a five (5) day suspension for nuisance and a seven (7) day suspension for various violations such as overcapacity and drinks advertising and a disturbance so that a two (2) day suspension was imposed for the disorderly conduct despite it not being physical. Subsequently, the licensee had its fourth disorderly conduct violation in less than two (2) years when a patron brought a knife inside the premises despite security pat-downs and stabbed another patron. As a result, the Class B license was suspended for 60 days and the Class BX license was revoked. See *In Moe's Place, Inc. d/b/a D'Noche v. City of Providence, Board of Licenses*, DBR No. 14LQ054 (12/3/14).

In this matter, there were serious security lapses at the Appellant in that a patron entered with a gun since the patron was not patted down at the entrance. Even if the Appellant is not required by statute to have a security plan, the Appellant is still responsible for the disorderly conduct that occurred inside. Here, there was a fight inside that the owner tried to stop, but a patron fired a gun once into the ceiling. The Appellant is responsible for the fight and the gun being fired.⁷ The issue is to determine the appropriate sanction for the violation.

⁷ At the Board hearing, there was conflicting testimony from Potter, Mendez, and Titin over what Titin initially told the police. The police testified that Titin indicated to them that the shooting happened outside. There was cross-examination that Titin's statement could have meant the shooting happened at the back of the Appellant rather than outside. Titin denied telling the police it happened outside. The testimony points to a chaotic scene with the police

The City argued that if this case did not merit revocation, then what case would merit revocation? However, there is no mechanical grid for sanctions, but rather sanctions rely on the type of violation and progressive discipline. Obviously, disorderly conduct merits a sanction with severe disorderly conduct involving weapons meriting severe sanctions such as a long suspension or revocation of license.

While it is true that the disorderly conduct occurred on a Sunday into Monday morning at 12:30 a.m. which is not during the time period of a late night license, the fact remains that the disorderly conduct at this establishment is very serious and is the third incident of disorderly conduct at the establishment in one (1) year. As a result, there are grounds similar to *Moe's* to revoke the late night license. *Moe's* was a fourth disorderly conduct in two (2) years where security lapses allowed a patron to bring a knife inside and stab another patron. Similarly, this matter has a third disorderly violation in one (1) year where the third incident is very serious (the firing of gun into the ceiling). It is appropriate to revoke the extended license as the Appellant already had two (2) disorderly conduct violations in the past year and with progressive discipline and serious disorderly conduct such a violation merits at the very least a revocation of the extended license.

arriving at the Appellant not knowing whether the shooter is still there or not and whether there was/were any victim(s). Indeed, Potter and Mendez's testimony differed as to what happened and where Titin was (inside or outside). The Board's findings of fact contained the conflicting testimony regarding what Titin initially said to the police about where the shooting happened. The Board made no finding over which testimony it found credible. However, the Board found that Titin cooperated with the police. The Board's sanctions were based on the gun shot which was not in dispute.

A licensee has the obligation to conduct its business to comply with the law and is responsible for violations of the law even if it had no knowledge of such violations. *Scialo v. Smith*, 210 A.2d 595 (R.I. 1965). If the owner had made a false statement to the police regarding the location of the shooting, such a statement would violate R.I. Gen. Laws § 3-5-21(b) since it is axiomatic that a condition of licensing would include being honest when questioned by the police during an investigation of a shooting. *The Vault, LLC v. City of Providence, Board of Licenses*, DBR No. 16-LQ008 (9/14/16).

However, as the Board made no findings as to whether Titin made a misleading statement or not and since the Board did not pursue any such allegation regarding Titin at the Department hearing, the Department will not make a finding regarding what was said or not and will rest its sanctions solely on the disorderly conduct of the fight and the gun being fired inside the club.

In terms of the Class B license and consistent with *Gabby's* where severe disorderly conduct merited a long suspension and in light of the Appellant's prior discipline, the Appellant's Class B license is suspended for 60 days.⁸ The Class BVX license is revoked. The Appellant will be subject to the following conditions:⁹

1. The club will continue to have a two (2) officer detail on Saturday and Sunday nights. This requirement shall be reviewed by the Board 60 days after the issuance of this decision.
2. Wanding or metal detectors shall be used for all patrons entering the club.
3. The Appellant shall continue to use the security plan it submitted to the Board on the remand. Any potential change to the security plan shall be submitted to the Board for approval.

VI. FINDINGS OF FACT

1. On or about September 7, 2016, the Board notified the Appellant that its License had been revoked by Providence.
2. Pursuant to R.I. Gen. Laws § 3-7-21, the Appellant appealed this decision to the Director of the Department.
3. On September 26, 2016, the Department issued a partial stay of the Board's revocation of License.
4. Pursuant to R.I. Gen. Laws § 3-7-21(c), the parties agreed to base the appeal on the record before the Board.
5. Oral closings were held on October 27, 2016.
6. The facts contained in Section IV and V are reincorporated by reference herein.

⁸ The Appellant has already been closed after the incident so that any time it has already been closed can be considered to be part of the 60 day suspension.

⁹ *Thompson v. East Greenwich*, 512 A.2d 837 (R.I. 1986) held that a town may grant a liquor license upon conditions that promote the reasonable control of alcoholic beverages.

VII. CONCLUSIONS OF LAW

Based on the testimony and facts presented:

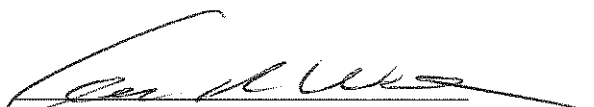
1. The Department has jurisdiction over this matter pursuant to R.I. Gen. § 3-5-1 *et seq.*, R.I. Gen. Laws § 3-7-1 *et seq.*, R.I. Gen. Laws § 42-14-1 *et seq.*, and R.I. Gen. Laws § 42-35-1 *et seq.*

2. In this *de novo* hearing, no showing was made by Appellant that would warrant overturning the City’s decision to revoke the Appellant’s extended License but the BV License shall be suspended for 60 days and the Appellant must comply with the conditions set forth above.

VIII. RECOMMENDATION

Based on the above analysis, the Hearing Officer recommends that the decision of the Board revoking Appellant’s Class BV License be overturned and be reduced to a 60 day suspension but that the decision of the Board to revoke the extended license shall be upheld and that the License shall be subject to conditions set forth above.¹⁰ The suspension of the BV License shall begin to be served on the 31st day after the issuance of this decision.

Dated: 11/23/16



Catherine R. Warren
Hearing Officer

ORDER

I have read the Hearing Officer's Decision and Recommendation in this matter, and I hereby take the following action with regard to the Decision and Recommendation:

 X ADOPT
 REJECT
 MODIFY

Dated: 11/28/16


Scottye Lindsey
Director

¹⁰ The 60 day suspension shall be reduced by the time the Appellant has already closed.

NOTICE OF APPELLATE RIGHTS

THIS DECISION CONSTITUTES A FINAL ORDER OF THE DEPARTMENT OF BUSINESS REGULATION PURSUANT TO R.I. GEN. LAWS § 42-35-12. PURSUANT TO R.I. GEN. LAWS § 42-35-15, THIS ORDER MAY BE APPEALED TO THE SUPERIOR COURT SITTING IN AND FOR THE COUNTY OF PROVIDENCE WITHIN THIRTY (30) DAYS OF THE MAILING DATE OF THIS DECISION. SUCH APPEAL, IF TAKEN, MUST BE COMPLETED BY FILING A PETITION FOR REVIEW IN SUPERIOR COURT. THE FILING OF THE COMPLAINT DOES NOT ITSELF STAY ENFORCEMENT OF THIS ORDER. THE AGENCY MAY GRANT, OR THE REVIEWING COURT MAY ORDER, A STAY UPON THE APPROPRIATE TERMS.

CERTIFICATION

I hereby certify on this 29th day of November, 2016 that a copy of the within Order was sent by email and first class mail, postage prepaid, to the following: Mario Martone, Esquire, City of Providence Law Department, 444 Westminster Street, Suite 220, Providence, RI 02903 and Nicholas Hemond, Esquire, DarrowEverett, LLP, 1 Turks Head Place, Suite 1200, Providence, RI and by hand-delivery to Maria D'Alessandro, Deputy Director, Department of Business Regulation, Pastore Complex, 1511 Pontiac Avenue, Building 69-1, Cranston, RI 02920

