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BEFORE THE

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CALIFORNIA GAMBLING CONTROL COMMISSION

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12 In the Matter of the Accusation Against:

Case No. DGC # 990039

13 JUAN JOSE GUZMAN
 DON JUAN CLUB AND CASINO
 14 2785 Don Juan Drive
 Rancho Cordova, CA 95670

OAH No. N2006020479

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STIPULATED SETTLEMENT
AND DISCIPLINARY ORDER

16 License Number 990039

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18 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the
 19 above-entitled proceedings that the following matters are true:

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PARTIES

21 1. On January 11, 2006, Robert E. Lytle, Jr. ("Complainant") brought an Accusation
 22 and Statement of Issues against Juan Jose Guzman—the sole proprietor of Don Juan Club and
 23 Casino. Complainant is the Director of the Division of Gambling Control ("Division") within
 24 the California Department of Justice and brought the above-entitled matter solely in his official
 25 capacity. Complainant is represented in this matter by Christine M. Murphy, Deputy Attorney
 26 General, Office of the Attorney General of the State of California.

27 2. Juan Jose Guzman ("Respondent") is represented in this proceeding by Julie Ruiz-
 28 Sierra, whose address is 2129 Hacienda Way, Suite D, Sacramento, California.

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JURISDICTION

3. On or about December 1, 2002, the California Gambling Control Commission ("Commission") issued State Gambling License Number 990039 to the Respondent. The Commission, pursuant to Business and Professions Code section 19876, conditioned Respondent's license renewals as follows:

a. On or about November 24, 2003, State Gambling License Number 990039 was renewed by the Commission subject to Respondent's compliance with the following conditions:

1) Maintain accounting books and records that include the recording, dating and posting of all financial transactions of the gambling establishment; and

2) Submit financial reports, detailing all transactions in regards to gaming activities at the gambling establishment, to the Commission on a quarterly basis.

b. On or about December 1, 2004, State Gambling License Number 990039 was renewed by the Commission subject to the following terms and conditions:

1) Maintain accounting books and records that include the recording, dating, and posting of all financial transactions of the gambling establishment.

2) Submit, to the Commission, quarterly financial reports, compiled by a certified public accountant and in accordance, with California Code of Regulations, title 4, section 12403, subdivision (a)(4)(A), alternative one. The quarterly reports are due to Commission on the following dates: for the quarter ending February 28, 2005, March 31, 2005; for the quarter ending May 31, 2005, June 30, 2005; for the quarter ending August 31, 2005, September 30, 2005 and for the quarter ending November 30, 2005, December 31, 2005.

3) If the applicant fails to submit the requested information by the above-mentioned dates, the Commission will not renew the applicant's state gambling license. This would result in the gambling establishment not being able to operate until the Commission receives the documents requested. If continued defiance of the conditions persists, the Commission will proceed with the revocation process of the gambling establishment's State Gambling License pursuant to Business and Professions Code section 19920.

1 c. On or about March 23, 2005, the Commission approved a one-month
2 renewal of State Gambling License Number 990039 subject to the following
3 terms and conditions:

4 1) Maintain accounting books and records that include the
5 recording, dating, and posting of all financial transactions of the
6 gambling establishment.

7 2) Submit, to the Commission, quarterly financial reports,
8 compiled by a certified public accountant and in accordance, with
9 California Code of Regulations, title 4, section 12403, subdivision
10 (a)(4)(A), alternative one. The quarterly reports are due to
11 Commission on the following dates: for the quarter ending
12 February 28, 2005, March 31, 2005; for the quarter ending May 31,
13 2005, June 30, 2005; for the quarter ending August 31, 2005,
14 September 30, 2005; and for the quarter ending November 30,
15 2005, December 31, 2005.

16 3) If the applicant fails to submit the requested information by the
17 above-mentioned dates, the Commission will not renew the
18 applicant's temporary state gambling license. This would result in
19 the gambling establishment not being able to operate until the
20 Commission receives the documents requested. If continued
21 defiance of the conditions persists, the Commission will proceed
22 with the revocation process of the gambling establishment's State
23 Gambling License pursuant to Business and Professions Code
24 section 19920.

25 d. On or about April 21, 2005, the Commission approved a two-month renewal
26 of State Gambling License Number 990039 subject to the following terms and
27 conditions:

28 1) Maintain accounting books and records that include the
recording, dating, and posting of all financial transactions of the
gambling establishment.

2) Submit, to the Commission, quarterly financial reports,
compiled by a certified public accountant and in accordance, with
California Code of Regulations, title 4, section 12403, subdivision
(a)(4)(A), alternative one. The quarterly reports are due to
Commission on the following dates: for the quarter ending
February 28, 2005, March 31, 2005; for the quarter ending May 31,
2005, June 30, 2005; for the quarter ending August 31, 2005,
September 30, 2005, and for the quarter ending November 30,
2005, December 31, 2005.

3) If the applicant fails to submit the requested information by the
above-mentioned dates, the Commission will not renew the
applicant's temporary state gambling license. This would result in
the gambling establishment not being able to operate until the
Commission receives the documents requested. If continued
defiance of the conditions persists, the Commission will proceed

1 with the revocation process of the gambling establishment's State
2 Gambling License pursuant to Business and Professions Code
section 19920.

3 e. On or about June 8, 2005, the Commission extended the conditional approval
4 of the gambling license renewal for the period of July 1, 2005, through October
5 31, 2005, subject to the following terms and conditions:

6 1) Mr. Guzman shall keep and maintain accounting books and
7 records that include the reporting, dating, and posting to a general
8 or subsidiary ledger or journal all financial transactions of the
gambling establishment known as the "Don Juan Club and
Casino."

9 2) Mr. Guzman shall submit to the Commission on the dates
10 specified below quarterly financial reports that are compiled by an
11 independent certified public accountant and which reflect all
12 financial transactions of the gambling establishment known as the
"Don Juan Club and Casino" for the period ending June 30, 2005,
not later than July 31, 2005; and for the period ending September
30, 2005, not later than October 31, 2005.

13 3) Mr. Guzman shall meet and confer with Commission and
14 Division staff from time to time and at staff's request, but in no
15 event later than October 10, 2005, and at staff's request, to discuss
the status of Mr. Guzman's compliance with the terms and
conditions set forth herein.

16 4) The Commission shall place on the agenda for the last regularly
17 scheduled meeting of the Commission prior to October 31, 2005,
18 the status and a determination of Mr. Guzman's renewal
application for a state Gambling License if the application is still
pending on that date.

19 5) Nothing set forth herein is intended to prohibit the Division or
20 the Commission from instituting or maintaining hereafter any
21 action pursuant to and in accordance with the Gambling Control
22 Act to terminate or modify the Temporary State Gambling License
hereby granted to Mr. Guzman, whether or not such action is based
on Mr. Guzman's act(s) or failure to act before, on or after June 8,
2005.

23 4. On January 11, 2006, Complainant filed the Accusation and Statement of Issues
24 against Respondent for violations of the Gambling Control Act. Respondent's failure to satisfy
25 license conditions, and comply with regulations regarding gambling establishment financial
26 transactions, accounting, and reporting, form the basis for the violations charged in the
27 Accusation and Statement of Issues. A copy of the Accusation and Statement of Issues for Case
28 No. 990039 is attached as Exhibit A and incorporated by reference.

1 use liabilities. Respondent further admits that he failed to timely submit the California Code of
2 Regulations-required Chart of Accounts for the Don Juan Club and Casino.

3 11. Respondent agrees that his gambling license is subject to discipline as a result of
4 the charged allegations and he agrees to be bound by the Commission's imposition of discipline
5 as set forth in the Disciplinary Order below.

6 12. Respondent acknowledges, although not admitting liability, that he may be
7 culpable for additional violations in 2004 unrelated to Respondent's financial reporting failures.
8 Respondent further acknowledges that the Division, by entering into this settlement agreement
9 that resolves the financial reporting and bookkeeping charges set forth in the Accusation and
10 Statement of Issues, does not waive its right to initiate disciplinary action for any other violation
11 that may have occurred in 2004. Respondent, accordingly, has enter into this Stipulated
12 Settlement and will be bound by the Disciplinary Order for the financial reporting violations,
13 recognizing that an additional disciplinary action may be filed alleging violations other than the
14 at-issue financial reporting charges. The Division, recognizing that the circumstances currently
15 under investigation may have impeded Respondent's ability to comply with the financial
16 reporting conditions placed on his license for 2004, has agreed to seek suspension time or fines
17 for only five, rather than the seven, causes of action charged in the Accusation and Statement of
18 Issues.

19 CONTINGENCY

20 13. This Stipulated Settlement shall be subject to approval by the Commission.
21 Respondent specifically agrees that, at any time following execution of this Stipulated
22 Settlement, but prior to the Commission's decision whether to adopt this Stipulated Settlement as
23 its decision and enter the Disciplinary Order, counsel for Complainant and the staff of the
24 Division may communicate directly with the Commission regarding this stipulation and
25 settlement, without notice to, or participation by, Respondent or his counsel, and that no such
26 communications shall be deemed a prohibited ex parte communication. By signing the
27 Stipulated Settlement, Respondent specifically agrees that he may not withdraw his agreement or
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1 approved by the Commission and implemented by the Don Juan Club and Casino. Respondent
2 further agrees to retain the services of a Certified Public Accountant, approved by the Division,
3 to: (1) monitor the gambling establishment's financial operation; (2) analyze, monitor, and
4 report on the gambling establishment's internal control operations; and (3) maintain all
5 accounting records, including, but not limited to, the daily account sheets and quarterly
6 statements. Respondent additionally agrees to submit quarterly financial reports, compiled by the
7 Division-approved Certified Public Accountant in accordance with California Code of
8 Regulations, title 4, section 12403, subdivision (a)(4)(A), alternative one. The quarterly
9 financial reports are due to the Commission thirty (30) days after the last day of the quarter being
10 reported.

11 3. **Obey all Laws.** Respondent shall obey all state and federal laws and regulations
12 substantially related to, or governing the practice of, cardrooms. Further, Respondent shall report
13 any of the following that occur to him to the Division, in writing, within seventy-two (72) hours
14 of such occurrence:

- 15 • an arrest or issuance of a criminal complaint for violation of any provision of the
16 Gambling Control Act or state and federal gambling laws;
- 17 • a plea of guilty or nolo contendere to any criminal complaint, information or
18 indictment in any state or federal criminal proceeding;
- 19 • a conviction of any crime; and
- 20 • discipline, citation, or other administrative action filed by any state or federal
21 agency which involves Respondent's license, or which is related to the conduct of controlled
22 gambling.

23 4. **Reporting to the Commission.** Respondent shall report to the Commission
24 quarterly. The report shall be made in writing. Respondent shall state under penalty of perjury
25 whether there has been compliance with all the terms and conditions of probation. If the final
26 probation report is not made as directed, probation shall be extended automatically until such
27 time as the final report is made and accepted by the Commission.

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1 **5. Interview with the Commission and Division.** Upon receipt of reasonable
2 notice, Respondent shall appear in person for interviews with staff of either the Commission or
3 the Division, at various intervals, at a location to be determined by the requesting agency.
4 Failure to appear for a scheduled interview without prior notification to the requesting agency
5 shall be considered a violation of probation.

6 **6. Cooperation with Commission and Division Staff.** Respondent shall cooperate
7 with the Division's and Commission's monitoring and investigation of Respondent's compliance
8 with the terms and conditions of his probation. Failure to comply shall be considered a violation
9 of probation.

10 **7. Reimbursement of Division Costs.** Respondent shall pay to the Division its
11 costs of investigation and prosecution in the amount of \$32,196. Respondent shall make said
12 payments as follows: After the re-opening of the gambling establishment, Respondent shall pay
13 \$1,400 per month for the next 24 months of probation. Payments shall be due in the Division's
14 office no later than the tenth calendar day of the month. Late payments, in and of themselves, or
15 a pattern and practice of late payments, may, in the Division's discretion, be considered a basis to
16 revoke Respondent's probation. In the event the gambling establishment is not re-opened by
17 Juan Jose Guzman, payment in full is due January 10, 2007.

18 The filing of bankruptcy by Respondent shall not relieve Respondent of his
19 responsibility to reimburse the Division its costs of investigation and prosecution.

20 **8. Probation Monitoring Costs.** In the event the gambling establishment is re-
21 opened by Juan Jose Guzman, Respondent shall pay the costs associated with probation
22 monitoring as determined by the Commission each and every year of probation. Such costs shall
23 be payable to the Commission at the end of each year of probation. Failure to pay such costs
24 shall be considered a violation of probation.

25 **9. Status of License.** Respondent shall, at all times while on probation, maintain an
26 active current license issued by the Commission, including any period during which suspension
27 or probation is tolled.

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1 If Respondent's license expires or is canceled by operation of law or otherwise, upon
2 renewal or re-application Respondent's license shall be subject to all terms and conditions of this
3 probation not previously satisfied.

4 **10. License Surrender While on Probation/Status.** Following the effective date of
5 this Stipulated Settlement and Disciplinary Order, should Respondent decide to cease operating
6 the gambling establishment, or be otherwise unable to satisfy the terms and conditions of
7 probation related to the operation of the gambling establishment, Respondent may tender his
8 license to the Commission for surrender. The Commission shall have the discretion to grant or
9 deny the request for surrender, or take any other action it deems appropriate and reasonable.
10 Upon formal acceptance of the surrender of the license, Respondent will no longer be subject to
11 the terms and conditions of probation related to the operation of the gambling establishment but
12 will not be relieved of his obligation to reimburse the Division for its investigative costs.

13 Upon acceptance of the surrender, Respondent may not reapply for any license from
14 the Commission for three years from the effective date of the surrender. Respondent shall meet
15 all requirements applicable to the license sought as of the date the application for that license is
16 submitted to the Commission.

17 **11. Violation of Probation.** If Respondent violates probation in any respect, the
18 Commission, after giving Respondent notice and an opportunity to be heard, may revoke
19 probation and carry out the disciplinary order which was stayed. If a petition to revoke probation
20 or an accusation and statement of issues is filed against Respondent during probation, the
21 Commission shall have continuing jurisdiction, and the period of probation shall be extended,
22 until the petition to revoke probation or accusation and statement of issues is heard and decided.

23 If Respondent has not complied with any term or condition of probation, the
24 Commission shall have continuing jurisdiction over Respondent, and probation shall
25 automatically be extended until all terms and conditions have been satisfied or the Commission
26 has taken other action as deemed appropriate—to treat the failure to comply as a violation of
27 probation, to terminate probation, and to impose the penalty which was stayed.

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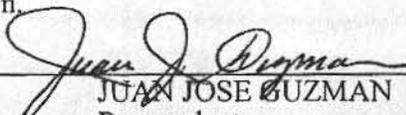
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12. **Completion of Probation.** Upon successful completion of probation, Respondent's license will be fully restored.

ACCEPTANCE

I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully discussed it with my attorney, Julie Ruiz-Sierra. I understand the Stipulated Settlement and the effect it will have on my gambling license. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the Disciplinary Order of the Commission.

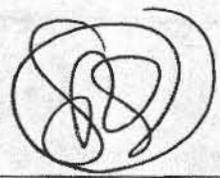
Dated: ~~April~~ May 2, 2006



JUAN JOSE GUZMAN
Respondent

I have read and fully discussed with Respondent Juan Jose Guzman the terms and conditions and other matters contained in the above Stipulated Settlement and Disciplinary Order. I approved its form and content.

Dated: ~~April~~ May 2, 2006



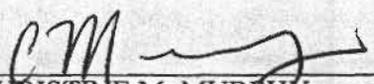
JULIE RUIZ-SIERRA
Attorney for Respondent

ENDORSEMENT

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the California Gambling Control Commission.

Dated: ~~April~~ May 5, 2006

BILL LOCKYER
Attorney General of the State of California

By: 

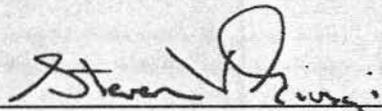
CHRISTINE M. MURPHY
Deputy Attorney General

Attorneys for Complainant

STATEMENT BY EXECUTIVE DIRECTYOR:

I have reviewed this Stipulation and recommend its approval.

Dated: 6-22-06

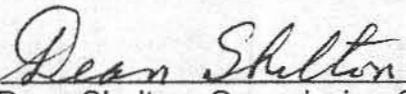
Signature: 
Steve Giorgi, Executive Director

DECISION AND ORDER OF THE COMMISSION:

The foregoing Stipulation has been adopted by a majority vote of the Commission as its final decision and order in the matter and is effective upon execution below by the Commission Chair.

IT IS SO ORDERD.

Dated: 6-22-06

Signature: 
Dean Shelton, Commission Chair