

1 KAMALA D. HARRIS  
Attorney General of California  
2 SARA J. DRAKE  
Senior Assistant Attorney General  
3 WILLIAM L. WILLIAMS, JR.  
Deputy Attorney General  
4 State Bar No. 99581  
1300 I Street, Suite 125  
5 P.O. Box 944255  
Sacramento, CA 94244-2550  
6 Telephone: (916) 324-3725  
Fax: (916) 327-2319  
7 E-mail: bill.williams@doj.ca.gov  
Attorneys for Complainant, Chief of Bureau of  
8 Gambling Control, Department of Justice

9  
10 **BEFORE THE**  
11 **CALIFORNIA GAMBLING CONTROL COMMISSION**  
12 **STATE OF CALIFORNIA**

13  
14 **In the Matter of the Accusation and**  
**Statement of Issues Against:**  
15  
16 **JOSE ALVAREZ CAHUE, Sole Proprietor**  
**CAESAR'S CLUB**  
17 **184 Main Street**  
**Watsonville, CA 95076**  
18  
19 **License Number GEGE-000485**

BGC Case No. SA2010-00037  
CGCC Case No. CGCC-2010-06-24  
  
**STIPULATION AND PROPOSED  
DECISION AND ORDER**

20  
21 The parties to the above-captioned proceeding agree and stipulate as follows:

22 **PARTIES**

- 23 1. Respondent Jose Alvarez Cahue (Respondent Owner) owns, as a sole proprietor, the  
24 gambling enterprise presently known and doing business as Caesar's Club, located at 184 Main  
25 Street, Watsonville, California 95076 (Cardroom).
- 26 2. Martin Horan Jr. is the current acting Chief of the Bureau of Gambling Control.  
27 California Department of Justice (Bureau), and is hereby substituted in as the Complainant in this  
28 proceeding. His involvement in this action was solely in his official capacity and Complainant is

1 represented in this matter by Kamala D. Harris, Attorney General of the State of California, by  
2 William L. Williams, Jr., Deputy Attorney General.

### 3 CORRECTION OF CLERICAL ERROR IN CASE CAPTION

4 3. This proceeding as filed contained a clerical error, a misspelling of the name of  
5 Respondent Owner's gambling establishment. The name of Respondent Owner's gambling  
6 establishment should be "CAESAR'S CLUB" rather than "Ceasar's Club." The parties therefore  
7 agree as follows on this preliminary matter:

8 a. The case caption in this proceeding shall be corrected to read as set forth in the  
9 case caption of this Stipulation and Proposed Decision and Order, replacing "Ceasar's  
10 Club" with the corrected spelling "Caesar's Club;" and

11 b. The Commission records pertaining to this proceeding shall be corrected to  
12 reflect the foregoing corrected spelling.

### 13 PROCEDURAL BACKGROUND

14 4. On or about May 28, 2009, Respondent Owner submitted an application to renew his  
15 State Gambling License as the owner of the Cardroom. On or about June 24, 2010, the California  
16 Gambling Control Commission (Commission) declined to renew Respondent Owner's license,  
17 and referred the matter for an evidentiary hearing.

18 5. Respondent Owner's license expired on June 30, 2010, but by the Commission's July  
19 1, 2010 communication Respondent Owner was authorized to continue to operate the Cardroom  
20 until the Commission has issued a final decision on Respondent Owner's application to renew his  
21 license. This proceeding was thereafter instituted in order to provide an evidentiary hearing to  
22 allow the Commission to issue its decision on the license renewal application.

### 23 JURISDICTION

24 6. On or about December 22, 2010, Complainant's predecessor filed the Accusation and  
25 Statement of Issues with the Commission and served it on Respondent Owner. A copy of the  
26 Accusation and Statement of Issues is attached hereto and incorporated by reference herein as  
27 Exhibit A. On or about January 7, 2011, a Notice of Defense on behalf of Respondent Owner  
28 was timely filed with the Commission. This matter is now subject to an administrative hearing

1 pursuant to the Administrative Procedure Act, Government Code section 11500 et seq.

2 7. The parties agree that the Commission has jurisdiction over this matter and has  
3 authority to approve this Stipulation and Proposed Decision and Order (Stipulation).

4 **PURPOSE**

5 8. Respondent Owner has now determined not to proceed with an administrative hearing  
6 on the Accusation and Statement of Issues, has entered into a sales agreement with GLC, Inc.  
7 (Buyer) to sell the Cardroom, and desires to settle this matter on the terms set forth in this  
8 Stipulation. Accordingly, the parties jointly request that the Commission, at or before its next  
9 regularly scheduled meeting, or as soon thereafter as the Commission may consider the matter,  
10 approve the settlement of this matter as set forth herein.

11 9. The purpose of this Stipulation is to: (a) finally and completely settle the within  
12 matter on terms agreeable to the parties; (b) effect the denial of Respondent Owner's application  
13 for renewal of his State Gambling license as the owner of the Cardroom based upon the  
14 Accusation and Statement of Issues filed herein; (c) allow the sale of the Cardroom to Buyer; and  
15 (d) allow the application(s) of Buyer and such associated persons as are appropriate for State  
16 Gambling License(s) as the new owners of the Cardroom to be considered for suitability in their  
17 own right under the Gambling Control Act.

18 **PRIMARY SETTLEMENT TERMS**

19 10. Subject to approval of this Stipulation by the Commission, Respondent Owner: (a)  
20 waives his right to a hearing on the Accusation and Statement of Issues filed in this proceeding  
21 with the Commission, Exhibit A to this Stipulation, and to any further right of judicial review; (b)  
22 accepts the allegations and causes for license discipline and/or denial of his application for  
23 renewal of his State Gambling License contained in the Accusation and Statement of Issues as  
24 true and accurate; and (c) agrees that the Commission may adopt the Accusation and Statement of  
25 Issues as its findings of fact and law, and may adopt this Stipulation as the decision in this matter  
26 to deny Respondent Owner's application for renewal of his State Gambling License and, as  
27 further detailed in the following paragraph, terminating Respondent Owner's license or license  
28 rights and all authority or permission to continue to operate a gambling establishment or to

1 hereafter seek re-licensure to do so.

2 11. The Commission's previous action authorizing Respondent Owner to continue to  
3 operate the Cardroom until a final resolution of this matter shall be maintained in effect until the  
4 earlier of: 1) completion of the sale of the Cardroom; or 2) 180 days from the effective date of  
5 the decision in this matter. Respondent Owner thereafter shall cease operation of the Cardroom.  
6 shall not seek approval or licensure to operate or serve in any key employee position in the  
7 Cardroom or any other gambling establishment in the State of California and, except as expressly  
8 provided in paragraph 14, shall have no further involvement in any operations of the Cardroom.  
9 Any application by Respondent Owner inconsistent with the terms of this Stipulation shall be  
10 denied.

11 12. Pursuant to Business and Professions Code sections 19902 and 19903, and subject to  
12 the effectuation of all of the other terms of this Stipulation, Respondent Owner may sell the  
13 Cardroom to Buyer. The application(s) of Buyer and such associated persons as are required to  
14 obtain State Gambling License(s) to own and/or operate the Cardroom will be lawfully reviewed  
15 in their own right based upon the filing of their applications with the Commission concurrent with  
16 the Commission's consideration of this Stipulation. The application(s) of Buyer and such  
17 associated persons will be determined on their own merits, based upon the applicants' suitability  
18 for licensure under the Gambling Control Act.

19 13. Respondent Owner will have no involvement in the ownership and/or management of  
20 the Cardroom after its sale to Buyer.

21 14. This Stipulation does not bar Respondent Owner from working in a non-managerial  
22 and non-key employee role at the Cardroom after the Cardroom sale, provided: (1) such role does  
23 not exceed a duration of six months after sale of the Cardroom; (2) Respondent Owner first  
24 obtains a work permit as provided for in Business and Professions Code section 19910 et seq.;  
25 and (3) such employment is not in any supervisory capacity and shall not involve making  
26 discretionary decisions or other activities of a "key employee" as defined in Business and  
27 Professions Code section 19805, subdivision (x). Further, this Stipulation is not a bar to  
28 Respondent Owner working in a non-managerial and non-key employee role in cardrooms other

1 than the Cardroom, provided that Respondent Owner first obtains the required work permit for  
2 such employment. This Stipulation shall not itself be a bar to issuance of a work permit to  
3 Respondent Owner.

4 15. Respondent Owner will pay or cause to be paid to the Bureau the amount of Six  
5 Thousand Dollars and No Cents (\$ 6,000.00) in costs and outstanding fees to the Bureau in full  
6 and final settlement of his obligations to pay licensing fees, and investigation and prosecution  
7 costs under the Gambling Control Act. A cashier's check in that amount, made payable to the  
8 "State of California Department of Justice Bureau of Gambling Control" is submitted with this  
9 Stipulation as full payment of these costs, and shall be held by the State of California Department  
10 of Justice until the Commission adopts this Stipulation and issues the within Decision and Order.  
11 In the event the Commission does not adopt this Stipulation, Decision and Order, within fifteen  
12 (15) business days after the Commission meeting at which the Stipulation, Decision and Order is  
13 considered, all payments tendered in connection with this Stipulation shall be returned or  
14 reimbursed to the payor in full.

15 16. Respondent Owner will pay or cause to be paid to the Commission the amount of  
16 Two Thousand Five Hundred Dollars and No Cents (\$ 2,500.00) as a fine or penalty. A cashier's  
17 check in that amount, made payable to the "State of California Gambling Control Commission" is  
18 submitted with this Stipulation as full payment of this fine or penalty, and shall be held by the  
19 State of California Department of Justice until the Commission adopts this Stipulation and issues  
20 the within Decision and Order. In the event the Commission does not adopt this Stipulation,  
21 Decision and Order, within fifteen (15) business days after the Commission meeting at which the  
22 Stipulation, Decision and Order is considered, all payments tendered in connection with this  
23 Stipulation shall be returned or reimbursed to the payor in full.

24 17. In the event the Commission does not adopt this Stipulation and an evidentiary  
25 hearing or other proceeding before an administrative law judge and/or the Commission becomes  
26 necessary, neither any member of the Commission, nor the Executive Director of the  
27 Commission, shall be disqualified because of prior consideration of this Stipulation.  
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## WAIVER AND ADVISEMENT

18. This Stipulation has been fully discussed between Respondent Owner, Jose Alvarez Cahue and his attorney, Richard Taylor, and Respondent Owner has been fully advised of the effect of this Stipulation as it waives any rights he may have to: (a) an administrative hearing on the Accusation and Statement of Issues; (b) any judicial challenge to this Stipulation; and/or (c) collaterally challenge the terms of this Stipulation. Respondent Owner enters into this Stipulation voluntarily, knowingly, and intelligently, and agrees to be bound by this Stipulation and the terms of the Decision and Order upon adoption by the Commission.

19. This Stipulation may be considered by the Commission in closed session. Respondent Owner also specifically agrees that counsel for the Bureau and/or Bureau staff may communicate directly with the Commission or its staff regarding this Stipulation prior to Commission action thereon, without notice to, or participation by, Respondent Owner or his counsel, and that no such communications shall be deemed a prohibited ex parte communication.

20. The parties understand and agree that facsimile copies of this Stipulation, Decision and Order, including facsimile signatures thereto, shall have the same force and effect as the originals.

21. This Stipulation constitutes the entire understanding between the parties concerning the subject matter that it covers. Any oral representations or modifications made prior to or after execution of this Stipulation concerning the subject matter of this Stipulation shall have no force or effect.

22. In consideration of the foregoing stipulations, the parties agree that the Commission may, without further notice or formal proceeding, issue and enter the Decision and Order set forth below.

## DECISION AND ORDER

25 The foregoing Stipulation of the parties is hereby approved. The allegations and causes  
26 for license discipline and denial of license renewal of Respondent Jose Alvarez Cahue's State  
27 Gambling License contained in the Accusation and Statement of Issues, attached hereto as  
28 Exhibit A, are deemed to be true and accurate and are adopted as the Commission's findings of

1 fact and law. This Stipulation and Proposed Decision shall serve as the decision in this matter.  
2 Therefore, Jose Alvarez Cahue's Application for Renewal of State Gambling License Number  
3 GECE-000485 is hereby denied and the other provisions of this Stipulation shall become  
4 effective.

5 This decision shall become effective upon execution below by the Commission  
6 Chairperson.

7 **IT IS SO ORDERED.**

8 Dated: \_\_\_\_\_, 2011  
9

10 STEPHANIE SHIMAZU, Acting Chairperson  
11 California Gambling Control Commission

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13 **ACCEPTANCE**

14 I have carefully read the foregoing Stipulation and Proposed Decision and Order and have  
15 fully discussed it with my attorney, Richard Taylor. I understand the Stipulation and Proposed  
16 Decision and Order and the effect it will have on State Gambling License Number GECE-  
17 000485. I enter into this Stipulation and Proposed Decision and Order voluntarily, knowingly,  
18 and intelligently, and agree to be bound by the Order of the Commission.

19 Dated: 3/25/11, 2011  
20


21 Jose A. Cahue  
22 JOSE ALVAREZ CAHUE  
23 Respondent

24 **ENDORSEMENT**

25 I have read and fully discussed with Respondent the terms and conditions and other matters  
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1 contained in the above Stipulation and Proposed Decision and Order. I approve its form and  
2 content.

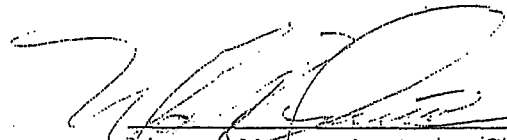
3 Dated: 3-25, 2011



RICHARD TAYLOR  
LAW OFFICES OF TAYLOR & UEBERRHEIN  
Attorney for Respondent

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8 **COMPLAINANT'S ACCEPTANCE**

9 Dated: April 13, 2011



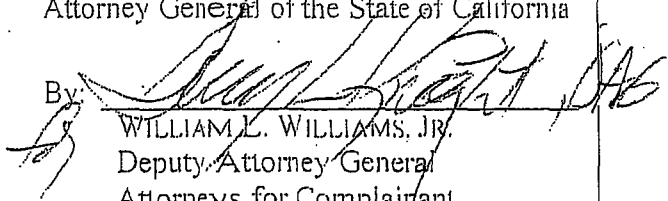
MARTIN HORAN, JR, Acting Chief  
Bureau of Gambling Control

12  
13 **ENDORSEMENT**

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

16 Dated: April 13, 2011

KAMALA D. HARRIS  
Attorney General of the State of California

17  
18 By:   
19 WILLIAM L. WILLIAMS, JR.  
20 Deputy Attorney General  
21 Attorneys for Complainant  
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Senior Assistant Attorney General  
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1300 I Street, Suite 125  
5 P.O. Box 944255  
Sacramento, CA 94244-2550  
6 Telephone: (916) 324-3725  
Fax: (916) 327-2319  
7 E-mail: bill.williams@doj.ca.gov  
*Attorneys for Complainant, Chief of Bureau of*  
8 *Gambling Control, Department of Justice*

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**BEFORE THE**

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**CALIFORNIA GAMBLING CONTROL COMMISSION**

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**STATE OF CALIFORNIA**

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14

**In the Matter of the Accusation and  
Statement of Issues Against:**

**BGC Case No. SA2010-00037  
CGCC Case No. CGCC-2010-06-24**

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**JOSE ALVAREZ CAHUE, Sole Proprietor  
CAESAR'S CLUB  
184 Main Street  
Watsonville, CA 95076**

**SUPPLEMENTAL STIPULATION  
CORRECTING CLERICAL ERROR IN  
STIPULATION AND PROPOSED  
DECISION AND ORDER**

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**License Number GEGE-000485**

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WHEREAS the Stipulation and Proposed Decision and Order entered by the parties in this  
22 proceeding CGCC-2010-06-24, with signatures dated March 13, 2011 and April 13, 2011  
23 ("Stipulation and Proposed Decision"), contains a clerical error, a misspelling on page 3, line 6 of  
24 the name of the entity with whom Respondent Owner has entered into a sales agreement  
25 (hereinafter "Buyer"); and

26

WHEREAS the name of Buyer referenced in the Stipulation and Proposed Decision  
27 should be "GLCR, Inc." rather than "GLC, Inc."

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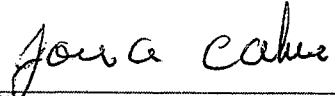
WHEREFORE, the parties agree as follows:

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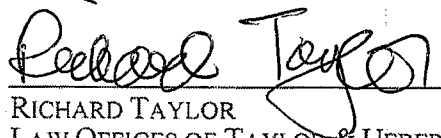
The name of the Buyer referenced in the Stipulation and Proposed Decision shall be deemed amended, nunc pro tunc, to read "GLCR, Inc." rather than "GLC, Inc."

**IT IS SO STIPULATED**

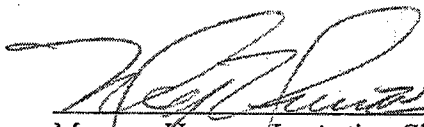
Dated: 6/24/, 2011

  
\_\_\_\_\_  
JOSE ALVAREZ CAHUE  
Respondent

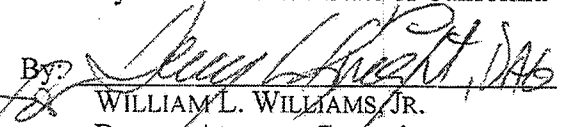
Dated: 6-24, 2011

  
\_\_\_\_\_  
RICHARD TAYLOR  
LAW OFFICES OF TAYLOR & UEBERRHEIN  
Attorney for Respondent

Dated: June 29, 2011

  
\_\_\_\_\_  
MARTIN HORAN, JR, Acting Chief  
Bureau of Gambling Control

Dated: June 23, 2011

KAMALA D. HARRIS  
Attorney General of the State of California  
By:   
\_\_\_\_\_  
WILLIAM L. WILLIAMS, JR.  
Deputy Attorney General  
Attorneys for Complainant

DECISION AND ORDER

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 this matter and is effective upon execution below by the Commission members.

IT IS SO ORDERED

Dated: June 30, 2011

Signature: Stephanie Shimazu  
Stephanie Shimazu, Acting Chairperson

Dated: June 30, 2011

Signature: Tiffany E. Conklin  
Tiffany E. Conklin, Commissioner

Dated: June 30, 2011

Signature: Lauren Hammond  
Lauren Hammond, Commissioner