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8 *Attorneys for Complainant*

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10 **BEFORE THE**  
11 **CALIFORNIA GAMBLING CONTROL COMMISSION**  
12 **STATE OF CALIFORNIA**  
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15 In the Matter of the Accusation Against:

CGCC Case No. 2011-03-04-2

16 ARTICHOKE JOE'S, a California Corporation  
dba ARTICHOKE JOE'S CASINO  
17 659 Huntington Avenue  
San Bruno, CA 94066

OAH No. 2011040116

18 Gambling License No. GEGE-001007

**STIPULATION AND ORDER**

19 Respondent.  
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23 1. Artichoke Joe's ("Artichoke Joe's" or "Respondent"), is a California corporation  
24 which owns the gambling establishment presently known and doing business as Artichoke Joe's  
25 Casino, located at 659 Huntington Avenue, San Bruno, California. Artichoke Joe's is the holder  
26 of Gambling License Number GEGE-001007 for the gambling enterprise issued by the California  
27 Gambling Control Commission ("Commission") pursuant to the Gambling Control Act (Bus. &  
28 Prof. Code, § 19800, et seq., the "Act"). Artichoke Joe's state gambling license was in full force

1 and effect at all times relevant to the facts set forth herein. That license will expire on June 30,  
2 2012, unless renewed.

3 2. Martin Horan, Jr. ("Complainant") is the Acting Chief of the Bureau of Gambling  
4 Control, California Department of Justice ("Bureau"). He brought this action solely in his official  
5 capacity under the Act and is represented in this matter by Kamala D. Harris, Attorney General of  
6 the State of California, by William L. Williams, Jr., Deputy Attorney General.

### 7 PROCEDURAL BACKGROUND

8 3. On or about March 2, 2011, pursuant to Business and Professions Code section  
9 19931, the Bureau served upon Respondent an Emergency Order prohibiting Respondent from  
10 offering controlled games and suspending Respondent's state gambling license. Thereafter,  
11 Respondent was closed from doing business as a gambling enterprise under the Act.

12 4. On or about March 10, 2011, upon a stipulation of the parties, the Commission  
13 modified the Bureau's Emergency Order allowing the Respondent to reopen as a gambling  
14 enterprise, but setting forth agreed upon restrictions to preserve the public safety, incorporating  
15 suggestions by the Commission, Artichoke Joe's and the Bureau.

### 16 JURISDICTION

17 5. On or about March 4, 2011, pursuant to Business and Professions Code sections  
18 19930 and 19931 the Bureau caused to be filed with the Commission and served upon  
19 Respondent an accusation ("Accusation") alleging among other things the occurrence of illegal  
20 loan-sharking at the gambling establishment directly involving some employees of Respondent  
21 and members of a criminal organization.

22 6. On or about March 10, 2011, Respondent filed a notice of defense in response to  
23 the Accusation.

24 7. Pursuant to Business and Professions Code sections 19930 and 19931, this matter  
25 is currently scheduled to be heard before an Administrative Law Judge sitting with the  
26 Commission.



1 cooperated with the Bureau and has initiated remedial measures. Artichoke Joe's has commenced  
2 and shall continue to take any and all reasonable steps against illegal activities like those set forth  
3 in the Accusation. The parties agree that Artichoke Joe's shall employ the measures attached  
4 hereto as Exhibit A. The parties may amend Exhibit A by mutual agreement in writing subject to  
5 Commission approval. Pai Gow Tiles games shall not commence until Artichoke Joe's has  
6 implemented all the requirements of paragraphs 1-6 and 9 of Exhibit A, and paragraphs 14, 15  
7 and 17 of this Stipulation.

8           14. Artichoke Joe's shall provide the Bureau the name of any gaming personnel to be  
9 hired for or assigned to Pai Gow Tiles games. Before re-hiring or re-instating any gaming  
10 personnel who worked in the Pai Gow Tiles games department before March 2, 2011, Artichoke  
11 Joe's shall notify the Bureau in writing and shall not re-hire or re-instate any person to whom the  
12 Bureau objects.

13           15. Artichoke Joe's and the Bureau shall coordinate with the City of San Bruno for  
14 improved law enforcement efforts at Artichoke Joe's to deter illegal activity at the gambling  
15 establishment.

16           16. Artichoke Joe's also shall implement the procedures as set forth in the MICS II  
17 Security and Surveillance regulations (Title 4, Sections CCR 12372, 12395 & 12396) as soon as  
18 practicable but not later than 45 days from the date of the Commission's adoption of this  
19 Stipulation and Order, except that Artichoke Joe's will start now and may have a reasonable time  
20 to modify its surveillance or other technical systems as necessary to comply with the MICS II.  
21 Artichoke Joe's will report to the Bureau within 45 days its progress on all changes to the  
22 surveillance or other technical systems.

23           17. Respondent Artichoke Joe's will pay a fine of \$550,000, with \$275,000 being  
24 stayed pursuant to the terms and conditions of this Stipulation and Order for two years from the  
25 date the Commission adopts it. Respondent Artichoke Joe's will pay costs for the investigation,  
26 preparation and prosecution of the Accusation in the amount of \$300,000. A cashier's check in  
27 the amount of \$575,000, made payable to the "State of California Department of Justice Bureau  
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1 of Gambling Control" shall be brought to the Commission hearing for approval of this Stipulation  
2 as full payment of these costs and the unstayed portion of the fine, and delivered to the Bureau  
3 upon the Commission's approval of this Stipulation and Order. In the event the Commission  
4 does not adopt this Stipulation and Order and an evidentiary hearing before an Administrative  
5 Law Judge and/or the Commission becomes necessary, neither any member of the Commission,  
6 nor the Executive Director of the Commission, shall be disqualified because of prior  
7 consideration of this Stipulation.

8 18. During the two-year period that the fine is stayed under this Stipulation and Order,  
9 if there is a breach of this agreement by Respondent, the Bureau will investigate the same, and if  
10 it determines that the breach could reasonably have been prevented by Respondent, the Bureau  
11 will make a recommendation as to the imposition of any, or all of the stayed portion of the fine to  
12 the Commission based upon affidavits or other credible evidence with regard to such breach and  
13 Respondent's fault in such breach. The Bureau will provide this recommendation to the  
14 Commission and to Artichoke Joe's. In a duly noticed and open Commission meeting, as an  
15 extension of jurisdiction under this Stipulation and Order, and with Artichoke Joe's provided with  
16 a meaningful opportunity to respond and present information in its defense and by way of  
17 mitigation, the Commission will consider the circumstances of such breach and determine  
18 whether the imposition of any or all of the stayed portion of the fine herein is warranted and issue  
19 a binding written decision. Subject only to a timely request for reconsideration made in writing to  
20 the Commission within 15 days of the issuance of the written decision, the Commission's  
21 decision shall be final and not subject to judicial review, with any amounts of the fine imposed  
22 becoming due and owing upon the Commission's decision becoming final. The Commission  
23 shall consider in imposing any part of the stayed fine the following factors as applicable:

- 24 a. The nature, quality, and severity of the recurrence of the illegal activity under the  
25 Gambling Control Act;
- 26 b. The nature, quality, and severity of the breach of this agreement as it affects the  
27 purposes and goals of this agreement under the Gambling Control Act;
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- 1 c. Artichoke Joe's cooperation with the Bureau and local law enforcement in  
2 preventing the recurrence of such conduct and in timely reporting same to the  
3 Bureau and local law enforcement;  
4 d. The efficacy of the procedures instituted by Artichoke Joe's to prevent such  
5 conduct, Artichoke Joe's cooperation with the Bureau in developing and  
6 implementing its procedures, and Artichoke Joe's good faith adherence to its  
7 procedures; and/or  
8 e. Other mitigating and aggravating factors as set forth in Commission regulation  
9 12556.

10 If the Bureau elects instead to bring an accusation, then imposition of the stayed portion of the  
11 fine shall be determined in the accusation process, provided that the imposition of the stayed  
12 portion of the fine shall not be a set-off or considered mitigation of any new disciplinary action or  
13 penalties. If, during the two year period of this Stipulation, the stayed portion of the fine is  
14 neither assessed nor the subject of an accusation or summary proceeding discussed in this  
15 paragraph 18, the stayed portion of the fine shall be cancelled, not paid for any reason and of no  
16 further effect.

17 19. Any alleged violations of the Second and Third Causes for Discipline are  
18 withdrawn by the Bureau for purposes of this Stipulation.

19 20. This Stipulation and Order resolves, under the Act and the disciplinary regulations,  
20 Artichoke Joe's liability and that of its owner licensees for the Accusation. The Bureau will not,  
21 on the basis of the Accusation, or allegations which could have been made in the Accusation,  
22 recommend against renewal of Artichoke Joe's license or recommend or suggest additional  
23 conditions on Artichoke Joe's license or the revocation of said license, provided that the Bureau  
24 will not be precluded from providing a full and complete report to the Commission on any  
25 renewal application which may include any information then obtained, and the Commission shall  
26 not deny, revoke, condition, or refuse to renew Artichoke Joe's, or its owner-licensees' license on  
27 the basis of the Accusation.  
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1 and (c) collaterally challenge the terms of this Stipulation and Order. Respondent Artichoke Joe's  
2 enters into this Stipulation voluntarily, knowingly, and intelligently, and agrees to be bound by  
3 this Stipulation and Order upon adoption by the Commission.

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

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

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

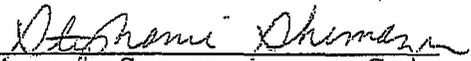
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**ORDER**

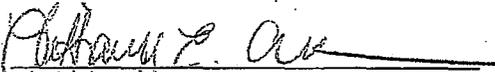
The foregoing Stipulation of the parties "In the Matter of the Accusation Artichoke Joe's, 659 Huntington Avenue, San Bruno, California, Gambling License No. GEGE-001007," Case No. 2011-03-04-2, OAH Case No. 2011040116 is hereby approved under Commission Regulation 12552(b). The monetary penalty set forth in this Stipulation, and as partially stayed pursuant to the terms of this Stipulation, and the ongoing terms and conditions set forth in this Stipulation are hereby approved.

**IT IS SO ORDERED.**

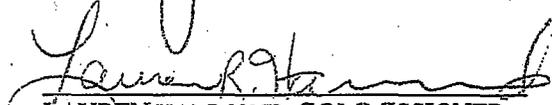
Dated: May 9, 2011

  
STEPHANIE SHIMAZU, ACTING CHAIRPERSON  
Gambling Control Commission

Dated: May 9, 2011

  
TIFFANY E. CONKLIN, COMMISSIONER  
Gambling Control Commission

Dated: May 9, 2011

  
LAUREN HAMMOND, COMMISSIONER  
Gambling Control Commission

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**ACCEPTANCE**

I have carefully read the foregoing Stipulation and Proposed Order and have fully discussed it with my attorneys, James R. Parrinello and Alan J. Titus. I understand the Stipulation and Proposed Order and the effect it will have on State Gambling License Number GEGE-001007. I enter into this Stipulation and Proposed Order voluntarily, knowingly, and intelligently, and agree to be bound by the Order of the Commission.

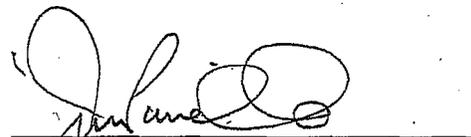
Dated: May 7, 2011

  
DENNIS SAMMUT  
Respondent's President

**APPROVED AS TO FORM**

I have read the terms and conditions and other matters contained in the above Stipulation and Proposed Order and approve it as to form.

Dated: May 9, 2011

  
JAMES R. PARRINELLO  
Attorney for Respondent

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**COMPLAINANT'S ACCEPTANCE**

I have carefully read the foregoing Stipulation and Proposed Order and have fully discussed it with attorneys from the Department of Justice Office of Attorney General. On behalf of the Bureau, I enter into this Stipulation and Proposed Order voluntarily, knowingly, and intelligently, and agree to be bound by the Order of the Commission.

Dated: May 9, 2011

  
MARTIN HORAN JR., ACTING CHIEF  
Bureau of Gambling Control

**ENDORSEMENT**

The foregoing Stipulation and Order are hereby respectfully submitted for consideration by the California Gambling Control Commission.

Dated: May 9, 2011

KAMALA D. HARRIS  
Attorney General of the State of California

By:   
WILLIAM L. WILLIAMS, JR.  
Deputy Attorney General  
Attorneys for Complainant

EXHIBIT A  
to Artichoke Joe's Stipulation and Order

Artichoke Joe's has taken or has agreed to take the following steps to control loan sharking activities in its gambling establishment:

1. The pai gow department has been eliminated as a separate department. Operation of the Pai Gow games will be supervised by the cardroom department.
2. Artichoke Joe's has hired Bill Zender, an internationally known gaming expert from Las Vegas as a consultant to evaluate cardroom operations, recommend reasonable steps to better prevent loan sharking, and assist in the implementation of the recommendations through August 2011 and consult on a quarterly basis thereafter. Another expert working with Mr. Zender has special expertise on video surveillance and will provide advice on establishment of a surveillance room, equipment to be purchased, and training of personnel.
3. Operations in the area in which the pai gow tile games are played will change. More tables will be added and games other than pai gow will now be played in this area. This will increase circulation of players and staff, and will end the isolation and insulation of pai gow. This will also result in less area available for observers. All chairs will be removed except those at the gaming tables. Some planter boxes will be removed.
4. The manager and assistant manager of the pai gow department have been terminated. In addition, the three pai gow personnel who were indicted will be terminated. Other pai gow personnel will be hired back only after complete individual review, including review of all information provided by law enforcement, review of work history, personal interviews and evaluation by management and outside gaming expert. In addition, they will need to renew local work permits with the City of San Bruno.
5. The former pai gow tiles podium has been removed and will not be returned; there will be no podium/chip stand in the reopened pai gow tiles game area. New rules will be adopted for all chip stands/podiums. No personal items will be allowed in or on the chip stands/podiums. The drawers with cash and chips must be locked when not being accessed and must be in balance at all times. At change of shift, the drawers with cash and chips must be counted down. In addition, a key employee must count down the drawers at least once each shift. The stands must be under dedicated video surveillance at all times. Players will not be allowed near the drawers.
6. At least semi annually, employees will receive special training sessions on the following:
  - A) Loan sharking. All employees will be taught that it is a priority to be on alert for any signs of loan-sharking. They will be given tips on what to look for and how to report it to their supervisors.

B) Illegal drugs. All employees will be taught that it is a priority to be on the alert for any signs of illegal drugs. The sale or use of illegal drugs is strictly prohibited. They will be trained on what to look for and how to report any suspicious behavior to their supervisors.

C) Bank Secrecy Act. All cash handling employees in the card room department, as well as all cage cashiers, will receive special training on the applicable provisions of the Bank Secrecy Act (31 USC 5311) and the regulations thereunder (31 CFR Chapter X). All cash tracking forms and reporting requirements will be reviewed.

7. As part of a reorganization of its operation, two new assistant cardroom managers have been hired subject to completion of licensing by the Commission and the City of San Bruno. These will be key employees and they will be required to be on the gaming floor for substantial periods to oversee the operations, supervise personnel, and make sure that employees conform to all policies and procedures. The assistant managers will cover various shifts, and priority will be given to supervision of Pai Gow games, especially during peak periods.
8. A new surveillance department will be established, consisting of a surveillance manager and four or five employees. This manager, a new key employee position, will oversee the employees to provide live monitoring of the gaming floor 24/7. An area off the floor will be remodeled as a new surveillance room, and new equipment will be purchased and installed as recommended by outside gaming expert. New personnel will be trained as to operations and as to surveillance. Artichoke Joe's plans to spend \$500,000 to \$600,000 on new equipment, and expects that new salaries and benefits to cost about \$450,000 to \$500,000 per year.
9. Artichoke Joe's will immediately adopt policies and procedures to implement the requirements of Section 12396(a)(8) of the California Code of Regulations, allowing the Bureau access to the surveillance room and any area where surveillance equipment is installed or maintained and allowing the Bureau, upon request, to obtain copies of any digital recording required to be made pursuant to the Act or Commission regulations. Artichoke Joe's has provided since March 10, 2011, and will continue to provide manned 24/7 video surveillance using existing equipment and staff.
10. Within 30 days, the current 16 podiums with chip banks will be consolidated to four, and new podium cabinets with increased drawer space will be built and installed. Additionally, one or more computer workstations may be used for ancillary employee job functions, but no cash or chips will be stored in them and they will be subject to the same rules as the chip stands.

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19 **Gambling License No. GEGE-001007**

20 **Respondent.**  
21

**CGCC Case No. 2011-03-04-2**

**OAH No. 2011040116**

**AMENDMENT TO**  
**STIPULATION AND ORDER**

22  
23 1. On May 9, 2011, the California Gambling Control Commission issued a Stipulation  
24 and Order in the above-captioned matter, which incorporated an attached document entitled  
25 "Exhibit A" that enumerated the remedial procedures that Respondent Artichoke Joe's was  
26 required to implement and maintain pursuant to the Stipulation and Order. The Stipulation and  
27 Order, as approved by the Commission on May 9, 2011, is attached hereto.  
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