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9 BEFORE THE
10 CALIFORNIA GAMBLING CONTROL COMMISSION
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13 **In the Matter of the Accusation Against:**

14 **DAVID STEARNS, Sole Shareholder,**
15 **CENTRAL COAST CASINO – GROVER**
16 **BEACH, INC.,**
17 **CENTRAL COAST CASINO – GROVER**
18 **BEACH**
19 **359 Grand Avenue**
20 **Grover Beach, California**

21
22 **License Number GEGE-001029**

23 **Respondents.**

Case No. CGCC # _____

OAH No. 2011030164

24 **STIPULATED SETTLEMENT AND**
25 **DISCIPLINARY ORDER**

26 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-
27 entitled proceeding that the following matters are true, accurate, and complete:

28 **PARTIES**

1. At the time this action was brought, Jacob A. Appelsmith was the Chief of the Bureau of Gambling Control, California Department of Justice (“Bureau”). He brought this action solely in his official capacity. On or about January 3, 2011, Martin J. Horan IV, became Acting Chief of

1 the Bureau and is now the complainant in this action solely in his official capacity. Acting Chief
2 Horan is represented in this matter by Kamala D. Harris, Attorney General of the State of
3 California, by Jennifer T. Henderson, Deputy Attorney General.

4 2. David Stearns (Stearns) is the sole shareholder of the corporation Central Coast
5 Casino – Grover Beach, Inc. (Corporation). The Corporation owns the gambling establishment
6 known as the Central Coast Casino – Grover Beach (Cardroom), located at 359 Grand Avenue,
7 Grover Beach, California, 93433. (Stearns, the Corporation and the Cardroom are referred to
8 collectively as the Respondents.)

9 3. The Corporation, with Stearns as an endorsed shareholder, is presently the holder of
10 Gambling License No. GECE-001029 (License) under the name “Central Coast Casino, Grover
11 Beach, Inc.,” for the operation of the Cardroom. The License was issued by the California
12 Gambling Control Commission (Commission) and is valid through May 31, 2012.

13 4. Accusation OAH No. 2011030164 was filed before the Commission on or about
14 December 31, 2010. The Accusation and all other statutorily required documents were properly
15 served on Respondents on December 31, 2010. Respondents timely filed a Notice of Defense
16 contesting the Accusation. A copy of the Accusation is attached as Exhibit A and is incorporated
17 herein by this reference. A hearing on the Accusation was set for October 11, 2011. Prior to the
18 hearing, the parties entered into this Stipulated Settlement, and the hearing was taken off
19 calendar.

20 5. The parties agree that the Commission has jurisdiction over this matter and has
21 authority to approve this Stipulated Settlement and Disciplinary Order (“Stipulation”).

22 CONTINGENCY

23 6. This Stipulation is subject to final approval by the Commission. This Stipulation
24 shall be submitted by the Bureau to the Commission for approval at a noticed Commission
25 meeting. Respondents shall be provided with written notice of the time, date, and place of the
26 meeting at which this Stipulation will be considered by the Commission. Respondents
27 understand and agree that Respondents may not withdraw its agreement or seek to rescind the
28 Stipulation prior to the time the Commission considers and acts upon it. If the Commission fails

1 to adopt this Stipulation as its decision and order, the Stipulation shall be of no force or effect,
2 except that Complainant and Respondents agree that this Stipulation shall be inadmissible in any
3 legal action between the parties or for any purpose, and the Commission shall not be disqualified
4 from further action by having considered this matter.

5 7. If the Commission rejects this Stipulation as its decision and order, and no amended
6 agreement or settlement is reached before two additional regularly noticed Commission meetings
7 have concluded or sixty (60) days have elapsed, whichever is later, the Bureau shall proceed with
8 a formal evidentiary hearing of the charges in the Accusation in OAH No. 2011030164, before an
9 Administrative Law Judge from the Office of Administrative Hearings.

10 **ADVISEMENT AND WAIVERS**

11 8. Respondents have carefully read this Stipulation, and have been afforded the
12 opportunity to review and discuss its terms with counsel or other advisor(s) of Respondents'
13 choice. Respondents fully understand the charges and allegations in the Accusation, and
14 Respondents fully understand the effects of this Stipulation.

15 9. Respondents are fully aware of their legal rights in this matter, including the right to
16 an administrative/evidentiary hearing on the charges and allegations in the Accusation; the right
17 to confront and cross-examine witnesses; the right to present evidence and to testify; the right to
18 the issuance of subpoenas to compel the attendance of witnesses and the production of
19 documents; the right to reconsideration and court review of an adverse decision; and all other
20 rights accorded by the California Administrative Procedure Act and other applicable laws.

21 10. Respondents voluntarily, knowingly, and intelligently waive and give up each and
22 every right set forth in paragraph 9, above, with respect to this matter and forever give up any
23 right to challenge the allegations in the Accusation, to appeal, and to challenge or collaterally
24 attack the terms of this Stipulation.

25 11. Respondents agree that counsel for the Bureau and the staff of the Bureau may
26 communicate directly with Commission staff regarding this Stipulation, without notice to, or
27 participation by, Respondents or their counsel or other adviser(s) of choice prior to the
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1 Commission's consideration of this stipulation at a noticed Commission meeting, and that no
2 such communications shall be deemed a prohibited ex parte communication.

3 **CULPABILITY**

4 12. Respondents admit the truth of the charge and allegation made as to them in the First
5 Cause for Discipline, specifically that on April 11, 2007, Respondents did not have an owner
6 licensee or key employee on the premises as required by California Code of Regulations, title 11,
7 section 2050, subdivision (a).

8 13. Respondents admit the truth of the charge and allegation made as to them in the Fifth
9 Cause for Discipline, specifically that on May 24, 2006, Respondents did not maintain security
10 controls over the Cardroom's premises as required by Business and Professions Code section
11 19924 because chips were not properly secured.

12 14. Respondents recognize that the conduct plead in the Accusation, whether admitted to
13 or not, is unacceptable under the Act and the disciplinary regulations and the purpose of the
14 Stipulation is to: (a) settle the within matter on terms agreeable to the parties; and (b) facilitate
15 future cooperation between Respondents and the Bureau with the goal of eliminating any
16 violations of the Act and the disciplinary regulations.

17 15. This Stipulation and Order resolves, under the Act and the disciplinary regulations, all
18 of Respondents' liability for the Accusation. The Bureau will not, on the basis of the Accusation,
19 or allegations which could have been made in the Accusation or an amended accusation, pursue
20 further any of the allegations made in the Accusation, or allegations made by the Bureau up to
21 and including the date of this Stipulation. Further, the Bureau will not, on the basis of the
22 Accusation, or allegations which could have been made in the Accusation or an amended
23 accusation, or allegations made by the Bureau up to and including the date of this Stipulation,
24 recommend against renewal of Respondents' license or suggest additional conditions on
25 Respondents' license, or the revocation of said license. However, the Bureau will not be
26 precluded from providing a full and complete report to the Commission on any renewal
27 application which may include any information then obtained, and the Commission shall not
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1 deny, revoke, condition or refuse to renew the Respondents' license on the basis of the allegations
2 set forth in the Accusation.

3 16. Respondents agree that License GEGE-001029 is subject to discipline and agrees to
4 be bound by the Commission's imposition of discipline as set forth in the Disciplinary Order
5 below.

6 **OTHER MATTERS**

7 17. The parties understand and agree that electronically transmitted copies of this
8 Stipulated Settlement and Disciplinary Order, including electronically transmitted signatures
9 thereto, shall have the same force and effect as the originals. This Stipulation may be executed in
10 counterparts that when combined shall have the same force and effect as a single original
11 document.

12 18. In entering into this agreement the parties agree that any admissions and/or factual
13 recitals contained herein are solely for the purposes of this Stipulation and Order and this
14 proceeding and in view of administrative rules and burdens of proof, and solely as it pertains to
15 Respondents' state gambling license and continued operation thereunder, and this agreement
16 and/or any of its terms of conditions are not intended to be used as evidence or to have any legal
17 effect outside of this administrative proceeding.

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

1 **DISCIPLINARY ORDER**

2 In consideration of the foregoing agreements, admissions, and stipulations, the parties agree
3 that the Commission may issue and enter the following Disciplinary Order:

4 **IT IS HEREBY ORDERED** that:

5 1. **Penalty.** Respondents shall pay a fine of \$20,000.00. Respondents shall lodge with
6 Complainant's counsel, within five (5) business days after the execution of this Stipulation by all
7 parties, a cashier's check payable to the Bureau of Gambling Control in the amount of \$20,000.00
8 in payment of said fine. This cashier's check shall not be deposited or cashed until the
9 Commission has entered this Disciplinary Order. In the event the Commission does not adopt
10 this Stipulated Settlement and Disciplinary Order, the cashier's check shall be promptly returned
11 to Respondents' counsel.

12 2. **Reimbursement of Bureau Costs.** Respondents shall pay the Bureau the sum of
13 \$10,000.00 as reasonable costs for the investigation and prosecution of this matter. Respondents
14 shall lodge with Complainant's counsel, within five (5) business days after the execution of this
15 Stipulation by all parties, a cashier's check payable to the Bureau of Gambling Control in the
16 amount of \$10,000 in payment of said costs. This cashier's check shall not be deposited or
17 cashed until the Commission has entered this Disciplinary Order. In the event the Commission
18 does not adopt this Stipulated Settlement and Disciplinary Order, the cashier's check shall be
19 promptly returned to Respondents' counsel. The payment of costs described in this paragraph
20 may, at Respondents' option, be combined in a single check with the payment of the fine
21 described in paragraph 1, above in the total amount of \$30,000.

22 3. **Effect of Disciplinary Order on Future Violations, if Any.** Entry of this
23 Disciplinary Order shall not be deemed prior discipline for purposes of California Code of
24 Regulations, title 4, section 12566, subdivision (c)(5), but may be offered as a factor in
25 aggravation of penalty under California Code of Regulations, title 4, section 12556, subdivision
26 (i).

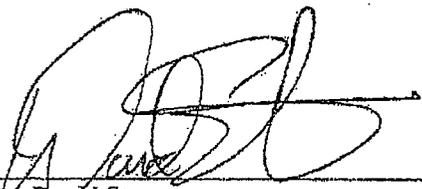
27 4. **Effective Date.** This Order shall become effective upon service on Respondents of
28 written notice of the Commission's adoption of this Stipulated Settlement and Disciplinary Order.

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ACCEPTANCE

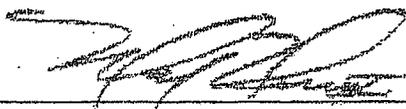
The undersigned has carefully read the above Stipulated Settlement and Disciplinary Order and has been given the opportunity to review it with an attorney or other advisor of their choice. The undersigned understands the Stipulation and the effect it will have on State Gambling License GEGE-001029. The undersigned enters into this Stipulation and Disciplinary Order voluntarily, knowingly, and intelligently. All corporate formalities required to make this Stipulation and Disciplinary Order binding upon the Respondents when executed by the undersigned have been undertaken and completed, and Respondents agree to be bound by the Order of the Commission upon the signature of the undersigned.

Dated: October 7, 2011


By: David Stearns
Chief Operating Officer
Central Coast Casino, Grover Beach, Inc.

COMPLAINANT'S ACCEPTANCE

Dated: October 07, 2011


MARTIN J. HORAN IV, Acting Chief
Bureau of Gambling Control

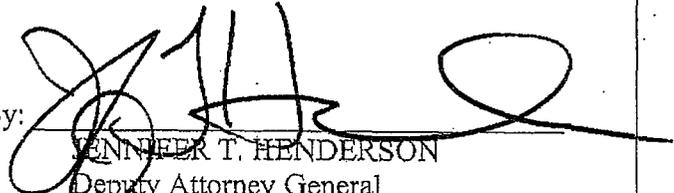
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ENDORSEMENT

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

Dated: October 7, 2011

KAMALA D. HARRIS
Attorney General of the State of California
SARA J. DRAKE
Senior Assistant Attorney General

By: 
JENNIFER T. HENDERSON
Deputy Attorney General
Attorneys for Complainant

Dated: October 7, 2011

By: 
DAVID FLEISHMAN
Attorneys for Respondent

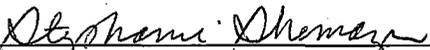
DECISION AND ORDER

DECISION AND ORDER OF THE COMMISSION:

The foregoing Stipulation of the parties "In the Matter of the Accusation Against David Stearns, Sole Shareholder, Central Coast Casino – Grover Beach, Inc., Central Coast Casino – Grover Beach" OAH Case No. 2011030164 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

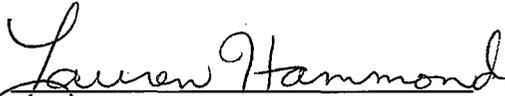
Dated: 3/8/12

Signature: 
Stephanie Shimazu, Chairperson

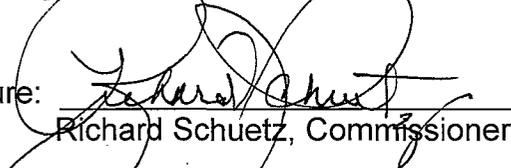
Dated: 3/8/2012

Signature: 
Tiffany E. Conklin, Commissioner

Dated: 3/8/12

Signature: 
Lauren Hammond, Commissioner

Dated: 3/8/12

Signature: 
Richard Schuetz, Commissioner