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8 *Attorneys for Complainant*

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

13 In the Matter of the Accusation Against:	BGC Case No. BGC-LA-2008-00039
14 S&S GAMING, INC.	CGCC Case No. CGCC-2009-05-12
15 dba CLUB CARIBE CASINO	OAH Case No. 2009070511
16 7617 Atlantic Avenue	
17 Cudahy, CA 90201	
18 Gambling License No. GEGE-001041	<b>STIPULATED SETTLEMENT AND</b>
19 Respondent.	<b>DISCIPLINARY ORDER</b>

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

23 **PARTIES**

24 1. Jacob A. Appelsmith ("Complainant") is the Chief of the Bureau of Gambling  
25 Control, California Department of Justice ("Bureau"). He brought this action solely in his official  
26 capacity and is represented in this matter by Edmund G. Brown Jr., Attorney General of the State  
27 of California, by T. Michelle Laird, Deputy Attorney General.



1 force or effect, except that Complainant and Respondent agree that this Stipulation shall be  
2 inadmissible in any legal action between the parties or for any purpose, and the Commission shall  
3 not be disqualified from further action by having considered this matter.

4 7. If the Commission rejects this Stipulation as its decision and order, and no amended  
5 agreement or settlement is reached before two additional regularly noticed Commission meetings  
6 have concluded or sixty days have elapsed, whichever is later, the Bureau shall proceed with a  
7 formal evidentiary hearing of the charges in Accusation No. BGC-LA-2008-00039 before an  
8 Administrative Law Judge from the Office of Administrative Hearings.

9 **ADVISEMENT AND WAIVERS**

10 8. Respondent has carefully read, discussed with counsel, and fully understands the  
11 charges and allegations in Accusation No. BGC-LA-2008-00039. Respondent has also carefully  
12 read, discussed with counsel, and fully understands the effects of this Stipulation.

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

19 10. Respondent, in consultation with its attorney, voluntarily, knowingly, and  
20 intelligently waives and gives up each and every right set forth in paragraph 9, above, with  
21 respect to this matter and forever gives up any right to challenge the allegations in the Accusation,  
22 to appeal, and to challenge or collaterally attack the terms of this Stipulation.

23 11. Respondent agrees that counsel for the Bureau and the staff of the Bureau may  
24 communicate directly with Commission staff regarding this stipulation, without notice to, or  
25 participation by, Respondent or its counsel, prior to the Commission's consideration of this  
26 stipulation at a noticed Commission meeting, and that no such communications shall be deemed a  
27 prohibited ex parte communication.

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**CULPABILITY**

12. Respondent admits the truth of each and every charge and allegation in Accusation No. BGC-LA-2008-00039. The admissions made by Respondent herein are only for the purposes of this proceeding, or any other proceedings in which the Bureau or the Commission is involved, and shall not be admissible in any other criminal or civil proceeding.

13. Respondent agrees that License Number GEGE-001041 is subject to discipline and agrees to be bound by the Commission's imposition of discipline as set forth in the Disciplinary Order below.

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**OTHER MATTERS**

14. The parties understand and agree that facsimile copies of this Stipulated Settlement and Disciplinary Order, including facsimile signatures thereto, shall have the same force and effect as the originals.

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**DISCIPLINARY ORDER**

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

IT IS HEREBY ORDERED that State Gambling License Number GEGE-001041, issued to Respondent, is revoked. However, the revocation is stayed for a period of 365 days following the effective date of this Order, on the following terms and conditions:

1. The officers, directors and shareholders of Respondent as of the date of the execution of this stipulation by Respondent shall divest themselves of any and all ownership interests in S&S Gaming, Inc., and shall resign and be removed from their respective positions in S&S Gaming, Inc. not later than the 365th day following the effective date of this Order. Respondent shall terminate its relationship with such persons not later than the 365th day following the effective date of this Order.

2. Upon divestiture, resignation and removal from their respective positions in S&S Gaming, Inc., no officer, director or shareholder of Respondent as of the date of the execution of this stipulation by Respondent, shall have any direct or indirect financial relationship with S&S Gaming, Inc., Club Caribe or any successor in interest that those entities may have in the future.

1           3.    The officers, directors and shareholders of Respondent as of the date of the execution  
2 of this stipulation by Respondent shall not apply for any license, permit, registration or other  
3 approval issued by the Commission now or in the future, other than for a renewal license for  
4 License Number GEGE-001041, for a period of fifteen years from the effective date of this Order.

5           4.    All persons whose gambling license is endorsed on License Number GEGE-001041  
6 as of the date of execution of this stipulation by Respondent shall divest themselves of any and all  
7 ownership interests in S&S Gaming, Inc., and shall resign and be removed from their respective  
8 positions in S&S Gaming, Inc. not later than the 365th day following the effective date of this  
9 Order. Respondent shall terminate its relationship with such persons not later than the 365th day  
10 following the effective date of this Order.

11           5.    Steven Mehr, Scott Mehr and Donald Mehr, whose gambling licenses are endorsed on  
12 License Number GEGE-001041, shall not apply for any license, permit, registration or other  
13 approval issued by the Commission, now or in the future, other than for a renewal license for  
14 License Number GEGE-001041, for a period of fifteen years from the effective date of this Order.

15           6.    The Emergency Order issued to Respondent on May 11, 2009 will remain in full  
16 force and effect until the expiration of the stay or until the Commission approves the issuance of a  
17 new temporary or permanent state gambling license for the operation of the gambling  
18 establishment now known as Club Caribe, whichever occurs first. For purposes of this paragraph,  
19 a "new temporary or permanent state gambling license" does not include a "renewal license" or  
20 any other gambling license issued to Respondent. The May 11, 2009 Emergency Order is  
21 attached as exhibit B and is incorporated herein by reference.

22           7.    Abatement of the statutory and regulatory violations herein admitted by Respondent  
23 will be achieved through Respondent's continuing compliance with the terms and conditions of  
24 the May 11, 2009 Emergency Order. Respondent will not employ individuals who do not hold a  
25 valid work permit or license as required by the Gambling Control Act and applicable regulations.  
26 Respondent will not conduct gaming operations at Club Caribe unless and until it has provided  
27 the Bureau with information demonstrating that it has adequate financing available to cover its  
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1 liabilities and the Bureau has advised the Commission and Respondent that Respondent has so  
2 demonstrated.

3 8. Respondent shall pay to the Bureau the costs of investigation and prosecution of this  
4 matter, pursuant to Business and Professions Code section 19930, subdivisions (d) and (f).  
5 Payment of such costs, in the amount of \$72,500.00, shall be made within ninety (90) days  
6 following the effective date of this order and shall be made by cashier's check payable to the  
7 Department of Justice, Bureau of Gambling Control, and delivered to counsel for Complainant.  
8 Failure to timely pay costs to the Bureau pursuant to the terms of this order will result in the  
9 immediate termination of the stay of revocation of License Number GEGE-001041.

10 9. Respondent shall pay to the Bureau a monetary penalty in the amount of \$20,000.00,  
11 pursuant to Business and Professions Code section 19930, subdivision (c) and California Code of  
12 Regulations, Title 4, section 12566, subdivision (c). Payment of the monetary penalty shall be  
13 made within ninety (90) days following the effective date of this order and shall be made by  
14 cashier's check payable to the Department of Justice, Bureau of Gambling Control, and delivered  
15 to counsel for Complainant, for deposit into a specially designated account in the General Fund  
16 pursuant to Business and Professions Code section 19950, subdivision (a). Failure to timely pay  
17 the monetary penalty pursuant to the terms of this order will result in the immediate termination  
18 of the stay of revocation of License Number GEGE-001041.

19 10. Respondent shall obey all state and federal laws and regulations substantially related  
20 to, or governing the practice of, gambling establishments. Respondent shall report any violations  
21 of such laws and regulations to both the Commission and the Bureau, in writing, within 72 hours  
22 of the occurrence of the violation.

23 11. Nothing herein prohibits Respondent from entering into a contract for the sale and  
24 transfer of S&S Gaming, Inc. and its interests in Club Caribe. Any such transaction and related  
25 license application to operate Club Caribe will be subject to all applicable statutory and  
26 regulatory requirements and approval by the Commission, and will be based, in part, on the  
27 proposed owner-licensee's suitability and qualifications for licensure as required under the  
28 Gambling Control Act and applicable regulations.



1 12. The stay of revocation issued by this Order shall expire on the 365th day following  
2 the effective date of this Stipulation and, upon such expiration, State Gambling License No.  
3 GEGB-001041 is revoked.

4 13. This Order shall become effective on the 15th day following its execution by the  
5 Chairman of the Commission.

6 ACCEPTANCE

7 I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully  
8 discussed it with my attorney, Thomas E. Francis. I understand the stipulation and the effect it  
9 will have on State Gambling License Number GEGB-001041. I enter into this Stipulated  
10 Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be  
11 bound by the Order of the Commission.

12 Dated: January \_\_\_\_\_, 2010

13  
14 STEVEN M. MEHR, Officer  
For S&S Gaming, Inc., dba Club Caribe  
Respondent

15 *SM*  
16 Dated: January 9<sup>th</sup>, 2010

17  
18 *Donald E. Mehr*  
DONALD E. MEHR, Director/General Manager  
For S&S Gaming, Inc., dba Club Caribe  
Respondent

19 *SM*  
20 Dated: January 9<sup>th</sup>, 2010

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22 *Scott M. Mehr*  
SCOTT M. MEHR, Director/General Manager  
For S&S Gaming, Inc., dba Club Caribe  
Respondent

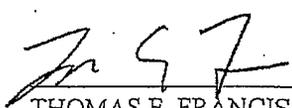
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**ENDORSEMENT**

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

Dated: <sup>Feb</sup> January 26, 2010

  
\_\_\_\_\_  
THOMAS E. FRANCIS, ESQ.  
Attorney for Respondent

**COMPLAINANT'S ACCEPTANCE**

Dated: January \_\_, 2010

\_\_\_\_\_  
JACOB A. APPELSMITH  
Chief  
Bureau of Gambling Control

**ENDORSEMENT**

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

Dated: January \_\_, 2010

EDMUND G. BROWN JR.  
Attorney General of the State of California

By: \_\_\_\_\_  
T. MICHELLE LAIRD  
Deputy Attorney General  
Attorneys for Complainant

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**ENDORSEMENT**

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

Dated: January \_\_, 2010

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THOMAS E. FRANCIS, ESQ.  
Attorney for Respondent

**COMPLAINANT'S ACCEPTANCE**

*February 2010*  
Dated: ~~January~~ 2010

\_\_\_\_\_  
JACOB A. APPELSMITH  
Chief  
Bureau of Gambling Control

**ENDORSEMENT**

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

Dated: January \_\_, 2010

EDMUND G. BROWN JR.  
Attorney General of the State of California

By: \_\_\_\_\_  
T. MICHELLE LAIRD  
Deputy Attorney General  
Attorneys for Complainant

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**ENDORSEMENT**

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

Dated: January \_\_, 2010

\_\_\_\_\_  
THOMAS E. FRANCIS, ESQ.  
Attorney for Respondent

**COMPLAINANT'S ACCEPTANCE**

Dated: January \_\_, 2010

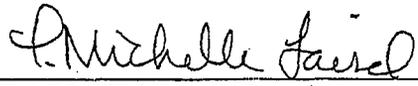
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JACOB A. APPELSMITH  
Chief  
Bureau of Gambling Control

**ENDORSEMENT**

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

Dated: <sup>February 25</sup> ~~January~~ \_\_, 2010

EDMUND G. BROWN JR.  
Attorney General of the State of California

By:   
T. MICHELLE LAIRD  
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

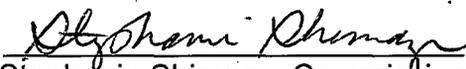
Dated: 4/28/2010

Signature:   
Dean Shelton, Commission Chair

Dated: 4/28/2010

Signature:   
James Shelby, Commissioner

Dated: 4/28/2010

Signature:   
Stephanie Shimazu, Commissioner