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BEFORE THE
CALIFORNIA GAMBLING CONTROL COMMISSION
STATE OF CALIFORNIA

In the Matter of the Second Amended Accusation and Statement of Issues Against: **ARTICHOKE JOE'S (GEOW-002367), doing business as Artichoke Joe's Casino (GEGE-001007)**; **SALLY ANN JOHNSON FAMILY TRUST (GEOW-003112)**; **HELEN SAMMUT LIVING TRUST (GEOW-002390);** **MICHAEL J. SAMMUT AJ STOCK TRUST (GEOW-002388);** **KAREN A. SAMMUT (GEOW-003370; GEOW-002371)**; **DENNIS J. SAMMUT AJ STOCK TRUST (GEOW-003368); and** **SALLY JOHNSON (GEOW-002368).** **659 Huntington Avenue** **San Bruno, CA 94066** **Respondents.**	**OAH No. 2020070204** **BGC Case No. HQ 2017-00004AC** **STIPULATED SETTLEMENT; DECISION AND ORDER**

This Stipulated Settlement resolves the Second Amended Accusation and Statement of Issues (Charging Pleading) in above-titled matter. The Charging Pleading seeks to discipline respondents' licenses, and deny their renewal applications, for violations of, and lack of suitability for continued licensing under, the Gambling Control Act (Act) (Bus. & Prof. Code, § 19800 et seq.) and the regulations adopted thereunder.

PARTIES

1. Stephanie Shimazu (Complainant) filed the Charging Pleading solely in her official capacity as the Director, Department of Justice, Bureau of Gambling Control (Bureau). The Charging Pleading replaced the Amended Accusation and Statement of Issues filed on December 8, 2020 (Amended Accusation), which replaced the Accusation filed on November 15, 2017 (Initial Accusation).

2. Artichoke Joe's Casino (Casino) is a licensed gambling establishment, California State Gambling License Number GEGE-001007. It is a 51-table card room presently operating at 659 Huntington Avenue, San Bruno, California 94066. It is owned by Artichoke Joe's (Corporation), which is licensed as license number GEOW-000961. At the time of the Initial Accusation's filing, the Corporation's officers were Dennis J. Sammut (Dennis Sammut), license number GEOW-003369, and Helen M. Sammut (Helen Sammut), license number GEOW-002370. At the time of the Initial Accusation's filing, Dennis Sammut and Helen Sammut, along with Sally Johnson, whose license number is GEOW-002368, were the Corporation's directors. The Corporation's shareholders (collectively, Shareholders) are: the Sally Ann Johnson Family Trust, license number GEOW-00311, of which Sally Johnson is trustee; the Michael J. Sammut AJ Stock Trust, license number GEOW-00002388, of which respondent Karen A. Sammut, whose license numbers are GEOW-003370 and GEOW-002371, is trustee; the Helen Sammut Living Trust, license number GEOW-002390, of which Karen Sammut currently is trustee; and the Dennis J. Sammut AJ Stock Trust, license number GEOW-003368, of which Karen A. Summut currently is trustee.

a. Dennis Sammut passed away in January 2020 and is no longer a licensee. For that reason, he is not a respondent in this Charging Pleading even though he was a respondent in the Initial Accusation.

b. Helen Sammut passed away in January 2021 and is no longer a licensee. For that reason, she is not a respondent in this Charging Pleading even though she was a respondent in the Initial Accusation and the Amended Accusation.

c. The Corporation, the Shareholders, and the individual respondents are referred to in this Charging Pleading, individually, as "Respondent" and, collectively, as "Respondents." Each Respondent is endorsed on the Casino's license pursuant to Business and Professions Code section 19851, subdivision (b).

3. The California Gambling Control Commission (Commission) issued the above-described licenses, each of which was to expire on June 30, 2018. On September 20, 2018, the Commission considered Respondents' renewal applications and referred those applications to an evidentiary hearing. The Commission issued interim renewal licenses pursuant to California Code of Regulations, title 4, section 12035, subdivision (b)(2).

JURISDICTION

4. On November 17, 2017, Respondents were served with the Initial Accusation, as well as a Statement to Respondent (Gov. Code, § 11505, subd. (b)), Request for Discovery (Gov. Code, § 11597.6), copies of Government Code sections 11507.5, 11507.6 and 11507.7, and two copies of the Notice of Defense form (Gov. Code, §§ 11505 & 11506). Later, on December 8, 2020, Respondents were served with the Charging Pleading.

5. Respondents served Complainant with timely Notices of Defense.

ADVISEMENT AND WAIVERS

6. Each Respondent has carefully reviewed, and has discussed or had the opportunity to discuss with counsel, the legal and factual allegations in the Charging Pleading. Each Respondent also has carefully reviewed, and has discussed or had the opportunity to discuss with counsel, this Stipulated Settlement. Each Respondent fully understands the terms and conditions contained within this Stipulated Settlement and the effects thereof.

7. Each Respondent is fully aware of his, her, or its legal rights in this matter, including: the right to a hearing on all the allegations in the Charging Pleading; the right to be represented by counsel of his, her, or its choice at his, her, or its own expense; the right to confront and cross-examine the witnesses against him, her, or it; the right to present evidence and testify on his, her, or its own behalf; the right to the issuance of subpoenas to compel the attendance of witnesses and the production of documents; the right to apply for reconsideration and court review of an adverse decision; and all other rights afforded by the California Administrative Procedures Act (Gov. Code, § 11370 et seq.), the Act, and all other applicable state and federal laws, including, without limitation, title 42 United States Code section 1983.

8. Each Respondent voluntarily, knowingly, and intelligently waives and gives up each and every right set forth in paragraph 7 above, agrees not to request a hearing on the Charging Pleading, and agrees to be bound by this Stipulated Settlement. Except as otherwise provided herein, each Respondent further voluntarily, knowingly, and intelligently waives any right to judicial, administrative, or other review of any matter related to or covered by this Stipulated Settlement.

STIPULATED AGREEMENT OF SETTLEMENT

9. For the purposes of resolving and settling the Charging Pleading and for any other matter now and in the future involving the Commission, the Bureau, or licensed gambling, each Respondent admits that all the factual and legal allegations in the Third Cause for Revocation and Denial in the Charging Pleading are true, accurate, and complete, and that such allegations provide a sufficient legal and factual basis to discipline, and deny renewal of, his, her, or its license and for invalidation of any interim renewal license. Each Respondent further admits that the factual and legal allegations in the First and Second Causes for Revocation and Denial in the Charging Pleading, if proven, provide a sufficient legal and factual basis to discipline, and deny renewal of, his, her, or its license and for invalidation of any interim renewal license.

10. Each Respondent understands and agrees that the admissions made in paragraph 9 above may be entered into evidence in any legal proceeding brought or prosecuted by the Commission or the Bureau as if those admissions were made under oath and penalty of perjury.

The admissions made by Respondents herein are only for the purposes of this proceeding, or any current or future proceedings in which the Bureau, the Commission, or any successor agency is involved, and shall not be otherwise admissible in any criminal, civil, or unrelated administrative proceeding.

11. Upon the effective date of the Decision and Order issued by the Commission adopting this Stipulated Settlement (Effective Date), each Respondent's pending state gambling license renewal application will be granted and his, her, or its state gambling license will be renewed. Immediately thereafter, each Respondent's state gambling license will be revoked. The revocations, however, shall be stayed for 36 months from the Effective Date (Compliance Period). The Compliance Period and the stayed revocations shall be subject to, and effective only as long as, Respondents, and each of them, perform and comply with each and every condition and term of this Stipulated Settlement. Upon Respondents' successful completion of the Compliance Period without defaulting on, and by fully complying with, the terms and conditions in this Stipulated Settlement, the stay shall expire and any stayed revocation shall have no further force and effect without further order by the Commission.

12. Each Applicant has been advised and, therefore, understands and acknowledges that upon the Effective Date, his, her, or its interim renewal license will cease to be valid and will be automatically canceled. (Cal. Code Regs., tit. 4, § 12035, subd. (b)(2).)

13. Respondents, jointly and severally, agree to pay the Bureau monetary penalties in the amount of $5.3 million (Penalty) for the acts and omissions alleged in the Charging Pleading and admitted to in paragraph 9 above. Respondents further agree that the Penalty shall be paid in full within 45 days after the Effective Date. The Penalty will be deposited in accordance with Business and Professions Code section 19950, subdivision (a). In addition to and as part of their waivers set forth in paragraphs 7 and 8 above, each Respondent expressly, voluntarily, and knowingly waives any privilege or right available under, or conferred by, Government Code section 11522.

14. Respondents, jointly and severally, also agree to pay the Bureau the sum of $50,000 (Cost Recovery) as the reasonable costs of investigation and prosecution of this matter as

provided for in Business and Professions Code section 19930. Respondents further agree to pay the Cost Recovery in full within 45 days after the Effective Date. The Cost Recovery will be paid, and will be deposited, in accordance with Business and Professions Code sections 19930, subdivision (f), and 19950, subdivision (b).

15. During the Compliance Period, Respondents shall meet, or perform, the following conditions (Compliance Conditions):

a. The Casino will report to the Bureau any examination by the Internal Revenue Service (IRS), Financial Crimes Enforcement Network (FinCEN), or any taxing agency regarding the Casino's compliance with or implementation of the Bank Secrecy Act or its implementing regulations (collectively, BSA). If the Bureau requests, the Casino will provide every examination report and other documents related to an examination by the IRS, FinCEN, or any taxing agency regarding compliance with or implementation of the BSA.

b. The Casino will provide all reports and supporting documents requested by the Bureau with respect to or relating to the Casino's compliance with or implementation of the BSA.

c. Respondents shall implement and maintain, or continue to implement and maintain, an effective anti-money laundering (AML) program. The AML program shall include, at a minimum, (1) internal controls reasonably designed to assure ongoing compliance with the BSA, (2) internal and/or external independent testing for compliance, (3) the training of Casino personnel, (4) an individual or individuals to assure day-to-day compliance with the BSA, (5) the use of all available information to identify suspicious transactions, and (6) the use of automated programs to aid in assuring compliance with automated data processing systems.

d. Respondents shall comply with the following conditions in addition to BSA-AML compliance:

(1) The Casino shall employ, or continue to employ, a compliance officer to ensure day-to-day compliance with its obligations under the BSA throughout the Compliance Period.

(2) Within 45 days of the Effective Date, Respondents shall provide the Bureau with the following: (i) copies of the Casino's written policies and procedures relating to its compliance with or implementation of the BSA; (ii) the identities of all persons responsible for overseeing and implementing BSA and AML compliance at the Casino; and (iii) meeting minutes, if any, for each meeting, if any was held, of the Casino's BSA compliance committee or similar committee since January 1, 2016.

(3) The Casino shall hire a qualified independent consultant (Consultant) to review the effectiveness of the Casino's AML program within 45 days of the Effective Date. The Casino will provide the Bureau with the identity of the Consultant, along with a copy of any written agreement (including addenda and amendments) with the Consultant.

(4) The Consultant will conduct three reviews, one during each year of the Compliance Period. Each review will cover and report on the (i) adequacy of the Casino's AML program, (ii) the review performed and conclusions reached, and (iii) recommended modifications or improvements. The scheduling of the three reviews may be consistent with reviews currently being conducted pursuant to the April 30, 2018 Consent to the Assessment of Civil Money Penalty entered into with FinCEN (Consent).

(5) The Casino shall agree to adopt and implement any recommendations made by the Consultant or, within 30 days after the issuance of the Consultant's report, propose alternatives. The Consultant will provide a response to any proposed alternatives. Within 30 days thereafter, the Casino will provide the Bureau with a written report detailing the extent

to which it has adopted and how it intends to implement the recommendations.

(6) The Consultant will conduct a "look-back," or if the Consultant determines and certifies that testing is proper, testing, pertaining to Suspicious Activity Report (SAR) requirements, reviewing transactions or attempted transactions that occurred from May 3, 2018, through May 2, 2020. The Consultant will prepare and deliver a detailed written report to the Bureau and the Casino by 120 days from the Effective Date. The Casino will comply with any recommendation or request from the Consultant that the Casino file SARs. If a "look-back" or testing has been conducted for the stated period, Respondents will certify in writing to the Bureau that the Consultant already did so and that they have provided the Consultant's detailed written report of the "look-back" or testing to the Bureau.

(7) The Consultant will conduct a "look-back," or if the Consultant determines and certifies that testing is proper, testing, pertaining to Cash Transaction Report (CTR) requirements, reviewing each transaction in currency involving either cash in or cash out of more than $10,000 that occurred from May 3, 2018, through May 2, 2020. The Consultant will prepare and deliver a detailed written report to the Bureau and the Casino by 120 days from the Effective Date. The Casino will comply with any recommendation or request from the Consultant that the Casino file CTRs. If a "look-back" or testing has been conducted for the stated period, Respondents will certify in writing to the Bureau that the Consultant already did so and that they have provided the Consultant's detailed written report of the "look-back" or testing to the Bureau.

(8) The Casino shall make available to the Bureau upon request any interim reports, drafts, workpapers, or supporting materials relating to or

prepared pursuant to its compliance set forth in these Compliance Conditions for BSA and AML compliance

e. Within 45 days of the Effective Date, Respondents shall provide the Bureau with a declaration signed under penalty of perjury that the Casino complied in all respects with the undertakings in the Consent. If the Casino failed to comply with the Consent, Respondents shall identify each and every failure to comply and the facts underlying each failure.

f. The Casino will provide the Bureau copies of any written report or draft report prepared in connection with, and any documents provided to FinCEN or the IRS pursuant to, the Consent.

g. The Casino shall make available to the Bureau upon request any interim reports, drafts, workpapers, or supporting materials relating to or prepared pursuant to the Consent.

h. The Casino shall certify, in writing to the Bureau every 90 days, its initial and continuing compliance with the foregoing conditions.

i. Respondents shall make full and true disclosure to the Bureau of all information as necessary to carry out the policies of California relating to the licensing, registration, and control of gambling.

j. Respondents shall comply in all material respects with the Act, the regulations adopted under the Act, the California Penal Code, and any local ordinances and regulations governing gambling or the operation of gambling establishments.

k. Respondents shall bear all costs relating to complying with the terms set forth in this Stipulated Settlement.

16. If the Compliance Period exceeds the term, or expiration date, of any license granted or issued pursuant to this Stipulated Settlement, each Respondent acknowledges and agrees that any renewal license granted by the Commission will require continued compliance with the Compliance Conditions set forth in paragraph 15 above for the entire Compliance Period.

17. Respondents agree that it shall be a default under this Stipulated Settlement to (a) fail to pay the Penalty or the Cost Recovery when due or (b) fail otherwise to materially comply with any term of this Stipulated Settlement.

18. Upon a default in paying the Penalty or the Cost Recovery as required by this Stipulated Settlement, any state gambling license issued by the Commission to Respondents shall be deemed to be revoked automatically and immediately. Each Respondent expressly waives any right to hearing with respect to, or arising out of, any license revocation based upon a default in paying the Penalty or the Cost Recovery. If the Bureau determines that a breach of any of the Compliance Conditions or any default other than paying the Penalty or the Cost Recovery occurred, the Director or the Bureau may take whatever action she, he, or it determines is appropriate under the Act, the regulations adopted under the Act, or the law, including, without limitation, issuing an emergency order and/or seeking termination of the stayed revocations. Respondents, and each of them, acknowledge and agree that material compliance with the terms of this Stipulated Settlement, including, without limitation, the Compliance Conditions, is necessary for the preservation of the public health, safety, and general welfare.

19. The parties agree that this Stipulated Settlement fully resolves their dispute concerning the Charging Pleading and that, except upon default, no further discipline, including revocation or suspension, shall be sought against Respondents based solely upon the allegations contained within the Charging Pleading. Respondents expressly waive any right to judicial, administrative, or other review of any matter related to or covered by this Stipulated Settlement.

20. This Stipulated Settlement shall be subject to adoption by the Commission. Each Respondent understands and specifically agrees that counsel for the Complainant, as well as the Bureau's staff, may communicate directly with the Commission regarding this Stipulated Settlement without notice to, or participation by, Respondents or their counsel, and that no such communication shall be deemed a prohibited ex parte communication. Each Respondent specifically acknowledges and agrees that such communications are permissible pursuant to Government Code section 11430.30, subdivision (b).

21. By signing this Stipulated Settlement, each Respondent understands and agrees that he, she, or it may not withdraw his, her, or its agreement or seek to rescind the Stipulated Settlement prior to the time the Commission considers and acts upon it. If the Commission fails to adopt this Stipulated Settlement as its Decision and Order, this Stipulated Settlement shall be of no force or effect, and, except for actions taken pursuant to this paragraph and paragraph 20 above, it shall be inadmissible in any legal action between the parties. The Commission's consideration of this Stipulated Settlement shall not disqualify it from any further action regarding Respondents' licensure, including, but not limited to, disposition of the Charging Pleading by a decision and order following a hearing on the merits.

22. The parties agree that a photocopy, facsimile or electronic copy of this Stipulated Settlement, including copies with signatures thereon, shall have the same force and effect as an original.

23. In consideration of the above admissions and stipulations, the parties agree that the Commission may, without further notice or formal proceeding, issue and enter the Decision and Order adopting this Stipulated Settlement.

[Acceptances on following pages – Remainder of page intentionally blank]

RESPONDENTS' ACCEPTANCE

Each Respondent has carefully read and considered the above Stipulated Settlement. Each Respondent has discussed its terms and effects with legal counsel. Each Respondent also understands the Stipulated Settlement and the effects it will or may have on Respondents' state gambling licenses. Each Respondent further understands that his, her or its state gambling license will be subject to certain conditions for 36 months. Each Respondent further understands that he, she, or it will be jointly and severally obligated to pay the Bureau a total sum of $5.35 million ($5.3 million as a Penalty and $50,000 in Cost Recovery) and that the failure to pay any portion of that amount when due, or to abide by the conditions and terms of the Stipulated Settlement, could result in revocation of his, her, or its state gambling license. Each Respondent enters into this Stipulated Settlement voluntarily, knowingly and intelligently, and agrees to be bound by its terms.

Dated: February 10, 2021

ARTICHOKE JOE'S, a corporation

By _____
Its President
Respondent

Dated: February 10, 2021

_____
Karen A. Sammut
Respondent

Dated: February 10, 2021

_____
Sally Ann Johnson
Respondent

Dated: February 10, 2021

SALLY ANN JOHNSON FAMILY TRUST

By _____
Its Trustee
Respondent

Dated: February 10, 2021

HELEN SAMMUT LIVING TRUST

By _____
Its Trustee
Respondent

Dated: February 10, 2021

MICHAEL J. SAMMUT AJ STOCK TRUST

By _____
Its Trustee
Respondent

Dated: February 10, 2021

DENNIS J. SAMMUT AJ STOCK TRUST

By _____
Its Trustee
Respondent

Approved as to Form:

Dated: February ___, 2021

NEILSON MERKSAMER
PARRINELLO GROSS & LEONI LLP

_____
James R. Parrinello
Attorney for Respondents

Dated: February ___, 2021

SLOTE, LINKS & BOREMAN, LLP

_____
Adam G. Slote
Attorney for Respondents

COMPLAINANT'S ACCEPTANCE

Dated: February 11, 2021

STEPHANIE SHIMAZU, Director
Bureau of Gambling Control
California Department of Justice

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

Dated: February 11, 2021

XAVIER BECERRA
Attorney General of California
SARA J. DRAKE
Senior Assistant Attorney General

WILLIAM P. TORNGREN
Supervising Deputy Attorney General
Attorneys for the Complainant

DECISION AND ORDER OF THE COMMISSION

The California Gambling Control Commission hereby adopts the foregoing Stipulated Settlement of the parties for the case of *In the Matter of the Amended Accusation and Statement of Issues Against: Artichoke Joe's, etc.., et al.*, OAH No. 2020070204, BGC Case No. HQ2017-00004AC, as its final Decision and Order in this matter to be effective upon execution below by its members.

IT IS SO ORDERED

Dated: 3/25/21

Paula LaBrie, Chairperson

Dated: 3/25/2021

Eric C. Heins, Commissioner

Dated: 3/25/21

Edward Yee, Commissioner