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8
9 **BEFORE THE**
CALIFORNIA GAMBLING CONTROL COMMISSION
10 **STATE OF CALIFORNIA**

11
12 **In the Matter of the Second Amended**
Accusation and Statement of Issues Against:

13 **ARTICHOKE JOE'S (GEOW-002367),**
14 **doing business as Artichoke Joe's Casino**
(GEGE-001007);

15 **SALLY ANN JOHNSON FAMILY TRUST**
16 **(GEOW-003112);**

17 **HELEN SAMMUT LIVING TRUST**
18 **(GEOW-002390);**

19 **MICHAEL J. SAMMUT AJ STOCK**
TRUST (GEOW-002388);

20 **KAREN A. SAMMUT (GEOW-003370;**
21 **GEOW-002371);**

22 **DENNIS J. SAMMUT AJ STOCK TRUST**
(GEOW-003368); and

23 **SALLY JOHNSON (GEOW-002368).**

24 **659 Huntington Avenue**
25 **San Bruno, CA 94066**

26 **Respondents.**

OAH No. 2020070204

BGC Case No. HQ 2017-00004AC

STIPULATED SETTLEMENT; DECISION
AND ORDER

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

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

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

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

16 **JURISDICTION**

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

22 5. Respondents served Complainant with timely Notices of Defense.

23 **ADVISEMENT AND WAIVERS**

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

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

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

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

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

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

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

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

- 7 a. The Casino will report to the Bureau any examination by the Internal Revenue
8 Service (IRS), Financial Crimes Enforcement Network (FinCEN), or any taxing
9 agency regarding the Casino's compliance with or implementation of the Bank
10 Secrecy Act or its implementing regulations (collectively, BSA). If the Bureau
11 requests, the Casino will provide every examination report and other documents
12 related to an examination by the IRS, FinCEN, or any taxing agency regarding
13 compliance with or implementation of the BSA.
- 14 b. The Casino will provide all reports and supporting documents requested by the
15 Bureau with respect to or relating to the Casino's compliance with or
16 implementation of the BSA.
- 17 c. Respondents shall implement and maintain, or continue to implement and
18 maintain, an effective anti-money laundering (AML) program. The AML
19 program shall include, at a minimum, (1) internal controls reasonably designed
20 to assure ongoing compliance with the BSA, (2) internal and/or external
21 independent testing for compliance, (3) the training of Casino personnel, (4) an
22 individual or individuals to assure day-to-day compliance with the BSA, (5) the
23 use of all available information to identify suspicious transactions, and (6) the
24 use of automated programs to aid in assuring compliance with automated data
25 processing systems.
- 26 d. Respondents shall comply with the following conditions in addition to BSA-
27 AML compliance:
28

- 1 (1) The Casino shall employ, or continue to employ, a compliance officer to
2 ensure day-to-day compliance with its obligations under the BSA
3 throughout the Compliance Period.
- 4 (2) Within 45 days of the Effective Date, Respondents shall provide the
5 Bureau with the following: (i) copies of the Casino's written policies and
6 procedures relating to its compliance with or implementation of the BSA;
7 (ii) the identities of all persons responsible for overseeing and
8 implementing BSA and AML compliance at the Casino; and (iii) meeting
9 minutes, if any, for each meeting, if any was held, of the Casino's BSA
10 compliance committee or similar committee since January 1, 2016.
- 11 (3) The Casino shall hire a qualified independent consultant (Consultant) to
12 review the effectiveness of the Casino's AML program within 45 days of
13 the Effective Date. The Casino will provide the Bureau with the identity
14 of the Consultant, along with a copy of any written agreement (including
15 addenda and amendments) with the Consultant.
- 16 (4) The Consultant will conduct three reviews, one during each year of the
17 Compliance Period. Each review will cover and report on the (i)
18 adequacy of the Casino's AML program, (ii) the review performed and
19 conclusions reached, and (iii) recommended modifications or
20 improvements. The scheduling of the three reviews may be consistent
21 with reviews currently being conducted pursuant to the April 30, 2018
22 Consent to the Assessment of Civil Money Penalty entered into with
23 FinCEN (Consent).
- 24 (5) The Casino shall agree to adopt and implement any recommendations
25 made by the Consultant or, within 30 days after the issuance of the
26 Consultant's report, propose alternatives. The Consultant will provide a
27 response to any proposed alternatives. Within 30 days thereafter, the
28 Casino will provide the Bureau with a written report detailing the extent

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

3 (6) The Consultant will conduct a “look-back,” or if the Consultant
4 determines and certifies that testing is proper, testing, pertaining to
5 Suspicious Activity Report (SAR) requirements, reviewing transactions
6 or attempted transactions that occurred from May 3, 2018, through May
7 2, 2020. The Consultant will prepare and deliver a detailed written report
8 to the Bureau and the Casino by 120 days from the Effective Date. The
9 Casino will comply with any recommendation or request from the
10 Consultant that the Casino file SARs. If a “look-back” or testing has
11 been conducted for the stated period, Respondents will certify in writing
12 to the Bureau that the Consultant already did so and that they have
13 provided the Consultant’s detailed written report of the “look-back” or
14 testing to the Bureau.

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

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

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

- 3 e. Within 45 days of the Effective Date, Respondents shall provide the Bureau with
4 a declaration signed under penalty of perjury that the Casino complied in all
5 respects with the undertakings in the Consent. If the Casino failed to comply
6 with the Consent, Respondents shall identify each and every failure to comply
7 and the facts underlying each failure.
- 8 f. The Casino will provide the Bureau copies of any written report or draft report
9 prepared in connection with, and any documents provided to FinCEN or the IRS
10 pursuant to, the Consent.
- 11 g. The Casino shall make available to the Bureau upon request any interim reports,
12 drafts, workpapers, or supporting materials relating to or prepared pursuant to
13 the Consent.
- 14 h. The Casino shall certify, in writing to the Bureau every 90 days, its initial and
15 continuing compliance with the foregoing conditions.
- 16 i. Respondents shall make full and true disclosure to the Bureau of all information
17 as necessary to carry out the policies of California relating to the licensing,
18 registration, and control of gambling.
- 19 j. Respondents shall comply in all material respects with the Act, the regulations
20 adopted under the Act, the California Penal Code, and any local ordinances and
21 regulations governing gambling or the operation of gambling establishments.
- 22 k. Respondents shall bear all costs relating to complying with the terms set forth in
23 this Stipulated Settlement.

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

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

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

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

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

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

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


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

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

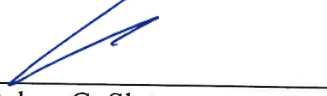
Dated: February __, 2021

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

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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

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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.

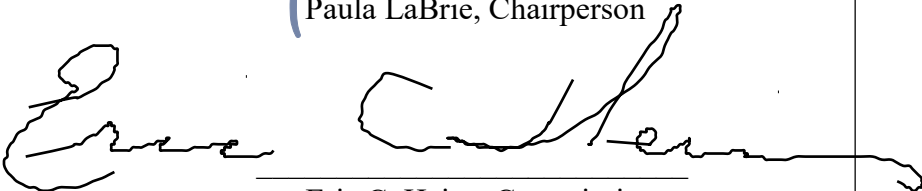
IT IS SO ORDERED

Dated: 3/25/21



Paula LaBrie, Chairperson

Dated: 3/25/2021



Eric C. Heins, Commissioner

Dated: 3/25/21



Edward Yee, Commissioner