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BEFORE THE
CALIFORNIA GAMBLING CONTROL COMMISSION
STATE OF CALIFORNIA

In the Matter of the Amended Accusation and Statement of Issues Against: **HAWAIIAN GARDENS CASINO, INC. (GEOW-000961), doing business as Hawaiian Gardens Casino (GEGE-000392**; **THE MOSKOWITZ JOINT REVOCABLE LIVING TRUST (GEOW-003294)**; **CHERNA MOSKOWITZ (GEOW-003293)**; **DAVID MOSKOWITZ (GEOW-000966);** **GARY KRAMER (GEOW-003402); and** **IRVING MOSKOWITZ (GEOW-003292).** **11871 Carson Street** **Hawaiian Gardens, CA 90716** **Respondents.**	**OAH No.** **BGC Case No. HQ 2016-00004AC** **STIPULATED SETTLEMENT, DECISION, AND ORDER**

This Stipulated Settlement resolves the 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), as the successor to Wayne J. Quint, Jr., filed the Charging Pleading solely in her official capacity as the Director of the California Department of Justice, Bureau of Gambling Control (Bureau). The Charging Pleading replaced the original Accusation filed on October 17, 2016.

2. Hawaiian Gardens Casino (The Gardens) is a licensed gambling establishment, and holds California State Gambling License Number GEGE-000392. It is a 225-table card room presently operating at 11871 Carson Street, Hawaiian Gardens, California 90716. It is owned by respondent Hawaiian Gardens Casino, Inc. (Corporation) (license number GEOW-000961), the sole shareholder of which is respondent The Moskowitz Joint Revocable Living Trust (Trust) (license number GEOW-003294). The Trust's trustees are Cherna Moskowitz (license number GEOW-003293), David Moskowitz (license number GEOW-000966), Gary Kramer (license number GEOW-003402), and Irving Moskowitz (GEOW-003292). Collectively, the Corporation, the Trust, and the individual respondents are referred to in this Stipulated Settlement as "Respondents." Each Respondent is endorsed on The Garden's license.

3. On November 22, 2016, the California Gambling Control Commission (Commission) considered Respondents' renewal applications and referred the applications to an evidentiary hearing. The Commission issued, and later renewed, interim renewal licenses. California Code of Regulations, title 4, section 12035, subdivision (b)(2), provides that an interim renewal license is valid for a period of two years or until a decision is final under the Commission's regulations, whichever is earlier.

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JURISDICTION

4. On October 18, 2016, Respondents were served with the original 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, Respondents were served with the Charging Pleading.

5. Respondents filed timely Notices of Defense.

ADVISEMENT AND WAIVERS

6. Each Respondent has carefully reviewed, and has discussed with counsel, the legal and factual allegations in the Charging Pleading. Each Respondent has also carefully reviewed, and has discussed 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 Procedure Act (Gov. Code, § 11370 et seq.), the Act, and all other applicable laws.

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.

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STIPULATED AGREEMENT OF SETTLEMENT

9. For the purposes of resolving 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 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.

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 regarding gambling activities, 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. The renewed licenses shall be subject to Respondents', and each of them, performing and complying with each and every condition and term of this Stipulated Settlement for 24 months (Compliance Period).

12. Respondents, jointly and severally, agree to pay the Bureau monetary penalties in the amount of $3,150,000 (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 30 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.

13. Respondents, jointly and severally, also agree to pay the Bureau the sum of $40,000 (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 30 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).

14. Each Respondent 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).)

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

a. The Gardens will report to the Bureau any examination by the Internal Revenue Service (IRS), Financial Crimes Enforcement Network (FinCEN), or any taxing agency regarding The Gardens' compliance with or implementation of the Bank Secrecy Act or its implementing regulations (collectively, BSA). If the Bureau requests, The Gardens 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 Gardens will provide all reports and supporting documents requested by the Bureau with respect to or relating to The Gardens' compliance with or implementation of the BSA.

c. Within 45 days of the Effective Date, Respondents will provide the Bureau with:

1) copies of The Gardens' written policies and procedures relating to its compliance with or implementation of the BSA;

2) the identities of all persons responsible for overseeing and implementing BSA and anti-money laundering (AML) compliance at The Gardens; and

3) meeting minutes, if any, for each meeting, if any was held, of The Gardens' BSA compliance committee or similar committee since July 15, 2016.

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d. The Gardens 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.

e. The Gardens shall comply with the conditions in its July 15, 2016 settlement with FinCEN (Consent), wherein The Gardens agreed with FinCEN:

1) To complete a new risk assessment within 90 days and provide that to FinCEN and the IRS.

2) To engage and retain an external, qualified independent consultant (Consultant) to examine The Gardens' BSA compliance program and to conduct risk-based independent testing of The Gardens' BSA/AML Program.

3) The Consultant's independent testing will test remedial steps taken to address all criticisms in the Consent.

4) The Consultant will conduct three reviews or examinations: (1) the first to commence within 90 days of completion of the risk assessment; (2) the second to be conducted no later than 12 months after completion of the first examination; and (3) the third to be conducted no later than 24 months after completion of the second examination. Each review will cover the prior year, with at least three months of transactional analysis to include a review of Suspicious Activity Report (SAR) filings. Based on the result of this review, The Gardens will file SARs or amend previously filed SARs and will advise FinCEN and the IRS of the findings.

5) The Consultant will prepare a written report and transmit the report and all draft reports to FinCEN and the IRS simultaneously with any transmission to The Gardens or its agents. To the extent that the report identifies any material deficiencies in The Gardens' programs and procedures, The Gardens will address and rectify the deficiencies as soon as is reasonably practicable and advise FinCEN and the IRS of the remedial steps taken.

f. The Gardens 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.

g. The Gardens will provide the Bureau copies of any written report or draft report prepared by the Consultant and any documents provided to FinCEN and the IRS pursuant to the Consent.

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

i. The Gardens shall provide the Bureau copies of any written report submitted to FinCEN or the IRS pursuant to the Consent.

j. In addition to the reviews required by the Consent, The Gardens shall perform a fourth review or examination to be conducted no later than 18 months after completion of the third examination under the Consent.

k. The Gardens shall certify, in writing every 60 days, its initial and continuing compliance with the foregoing conditions.

l. 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.

m. 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 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. Respondents agree that upon a default, any state gambling license issued by the Commission to them 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, based upon the allegations of the Charging Pleading that are admitted to in paragraph 9 above, or based upon a material failure to comply with any of the conditions set forth in paragraph 15, subparts a through k, above. The parties understand and acknowledge that Respondents may request a hearing as to any other basis for default.

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 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.

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 24 months. Each Respondent further understands that he, she, or it will be obligated to pay the Bureau a total sum of $3,190,000 ($3,150,000 as a Penalty and $40,000 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: November 18, 2019

HAWAIIAN GARDENS CASINO, INC.

By Cherna Moskowitz
Its President
Respondent

Dated: November 18, 2019

Cherna Moskowitz
Cherna Moskowitz
Respondent

Dated: November 18, 2019

David Moskowitz
Respondent

Dated: November __, 2019

Gary Kramer
Respondent

Dated: November __, 2019

– DECEASED –
Irving Moskowitz
Respondent

Dated: November __, 2019

THE MOSKOWITZ JOINT REVOCABLE LIVING TRUST

By _____
Its Trustee
Respondent

Approved as to Form:
Dated: November 18, 2019

Keith A. Sharp
Attorney for Respondents

Dated: November __, 2019

David Moskowitz
Respondent

Dated: November 18, 2019

Gary Kramer
Respondent

Dated: November __, 2019

Irving Moskowitz
Respondent

Dated: November __, 2019

THE MOSKOWITZ JOINT REVOCABLE LIVING TRUST

By _____
Its Trustee
Respondent

Approved as to Form:

Dated: November ___, 2019

Keith A. Sharp
Attorney for Respondents

Dated: November __, 2019

David Moskowitz
Respondent

Dated: November __, 2019

Gary Kramer
Respondent

Dated: November __, 2019

Irving Moskowitz
Respondent

Dated: November 18, 2019

THE MOSKOWITZ JOINT REVOCABLE LIVING TRUST

By _____
Its Trustee
Respondent

Approved as to Form:

Dated: November ___, 2019

Keith A. Sharp
Attorney for Respondents

COMPLAINANT'S ACCEPTANCE

Dated: November 18, 2019

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: November 19, 2019

XAVIER BECERRA
Attorney General of California
SARA J. DRAKE
Senior Assistant Attorney General
T. MICHELLE LAIRD
Supervising Deputy Attorney General

WILLIAM P. TORNGREN
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: Hawaiian Gardens Casino, Inc., et al.*, BGC Case No. HQ2016-00004AC, as its final Decision and Order in this matter to be effective upon execution below by its members.

IT IS SO ORDERED

Dated: 12/5/19

Jim Evans, Chairperson

Dated: 12/5/19

Trang To, Commissioner

Dated: 12/5/19

Paula LaBrie, Commissioner

Dated: 12/5/19

Gareth Lacy, Commissioner