

1 XAVIER BECERRA
Attorney General of California
2 SARA J. DRAKE
Senior Assistant Attorney General
3 T. MICHELLE LAIRD
Supervising Deputy Attorney General
4 WILLIAM P. TORNGREN
Deputy Attorney General
5 State Bar No. 58493
1300 I Street, Suite 125
6 P.O. Box 944255
Sacramento, CA 94244-2550
7 Telephone: (916) 210-7782
Fax: (916) 327-2319
8 E-mail: William.Torngren@doj.ca.gov
Attorneys for Complainant

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11 **BEFORE THE**
12 **CALIFORNIA GAMBLING CONTROL COMMISSION**
13 **STATE OF CALIFORNIA**
14

15
16 In the Matter of the First Amended Statement
17 of Reasons for Denial of Applications for
Renewal of State Gambling Licenses for:

18 **SAU CUNG PHONG, INC.,**
19 d.b.a.: **CASINO MARYSVILLE**, and
20 **SAU CUNG PHONG**, President, Treasurer,
Secretary, Director and Sole Shareholder.

21 515 4th Street
22 Marysville, California 95901

23 **Respondents.**
24

CGCC Case No.: CGCC-2018-0426-7C

BGC Case No.: BGC- HQ2018-00024SL

**REVISED STIPULATED SETTLEMENT;
DECISION AND ORDER**

Hearing Date: March 16-20, 23-25, 2020

Hearing Time: 10:00 a.m.

Hearing Place: 2399 Gateway Oaks, Suite 100
Sacramento, CA 95833

1 **STIPULATED SETTLEMENT**

2 This Stipulated Settlement resolves the First Amended Statement of Reasons for Denial of
3 Applications for Renewal of State Gambling Licenses (Statement of Reasons) in the above-
4 entitled matter. Respondents Sau Cung Phong, Inc. (Corporation), d.b.a. Casino Marysville
5 (Casino), and Sau Cung Phong (Mr. Phong) (collectively, Respondents) hold interim renewal
6 gambling establishment owner licenses and have applications pending for renewal of their
7 gambling establishment owners licenses pursuant to the Gambling Control Act (Act) (Bus. &
8 Prof. Code, § 19800 et seq.). The Statement of Reasons seeks to deny the renewal applications
9 for lack of suitability for licensing under the Act and the regulations adopted pursuant to the Act.

10 **PARTIES AND JURISDICTION**

11 1. Stephanie Shimazu (Complainant) filed a statement of reasons solely in her official
12 capacity as the Director of the California Department of Justice, Bureau of Gambling Control
13 (Bureau). Thereafter, Complainant, solely in her official capacity, filed a First Amended
14 Statement of Reasons, which supersedes the initial statement of reasons.

15 2. On September 1, 2017, the Bureau received an Application for State Gambling
16 License, dated August 28, 2017, which was submitted by the Corporation, to renew its state
17 gambling license, number GEOW-003301, as well as the state gambling license for the Casino,
18 number GEGE-001280.

19 3. On September 12, 2017, the Bureau received an Application for State Gambling
20 License, dated September 8, 2017, submitted by Mr. Phong, to renew his state gambling license,
21 number GEOW-003322, as the President and sole shareholder of the Corporation.

22 4. The two applications submitted by Respondents to renew their state gambling
23 licenses hereafter are referred to collectively as the “Applications.”

24 5. Respondents have been continuously licensed by the California Gambling Control
25 Commission (Commission) since July 19, 2006.

26 6. On or about March 20, 2018, the Bureau issued its Gambling Establishment and
27 Owner Renewal Report in which it recommended denial of the Applications.

1 **STIPULATED AGREEMENT OF SETTLEMENT**

2 12. For the purposes of resolving the Statement of Reasons, the issue of Respondents’
3 continued suitability for licensure, and for any other matters now and in the future involving the
4 Commission, the Bureau, or licensed gambling, Respondents, with the advice of their attorney,
5 knowingly and voluntarily admit that all the factual and legal allegations in the Statement of
6 Reasons are true and accurate. Respondents, with the advice of their attorney, further knowingly
7 and voluntarily admit that those factual and legal allegations are sufficient to revoke and
8 discipline their licenses and deny the Applications.

9 13. Respondents understand and agree that the admissions made in paragraph 12 above
10 may be entered into evidence in any legal or administrative proceeding brought, prosecuted, or
11 defended by the Commission or the Bureau in which one or more of the Respondents is a party as
12 if those admissions were made under oath and penalty of perjury.

13 14. Upon the effective date of the Commission’s Decision and Order adopting this
14 Stipulated Settlement (Effective Date), Respondents’ licenses shall be renewed and then
15 immediately revoked. The revocations, however, shall be stayed as provided in paragraphs 15
16 through 18 of this Stipulated Settlement. Respondents, with the advice of their attorney,
17 acknowledge, understand, and agree that the stay of revoking their state gambling licenses is
18 intended solely to preserve the Casino’s existence for purposes of Business and Professions Code
19 sections 19962 and 19963, to allow for a possible sale of 100 percent of the Casino’s assets, and
20 to allow the Casino to be a going concern for whatever benefits that it may provide its employees,
21 the community, and general public. Respondents, with the advice of their attorney, acknowledge,
22 understand, and agree that no sale transaction will be effective unless, and until, the Commission,
23 exercising its authority under the Act, approves the sale of Casino’s assets and the licensure of
24 any person who wishes to purchase those assets and carry on a gambling operation at the
25 gambling establishment currently know as Casino Marysville.

26 15. The revocations of Respondents’ licenses shall be stayed for 12 months from the
27 Effective Date, and may be extended as set forth in this paragraph 15, to allow for the possible
28 sale of the Casino’s assets. The 12-month period and any extensions are referred to as the “Stay

1 Period.” The Bureau recognizes and acknowledges that good cause exists to expedite review of
2 any potential sale transaction because of Respondents’ license revocation and the desire to
3 preserve and protect the possible interests of the Casino’s employees, the community, and the
4 general public.

5 a. If the sale has not been consummated prior to the end of the 12-month time
6 period, Respondents may request in writing a six-month extension from the Commission
7 prior to the expiration of that 12-month time period. An extension request after the
8 expiration of that 12-month time period shall be deemed to be invalid, the Stay Period shall
9 be deemed to have expired, and the revocations shall be immediately effective. A written
10 extension request to the Commission will be timely only if it is received by the
11 Commission prior to the close of business on the last day of the 12-month time period.

12 b. If the sale has not been consummated prior to the end of the initial six-
13 month extension, Respondents may request in writing an additional six-month extension
14 from the Commission prior to the expiration of the original six-month extension. An
15 extension request after the expiration of the initial six-month extension shall be deemed to
16 be invalid, the Stay Period shall be deemed to have expired, and the revocations shall be
17 immediately effective. A written extension request to the Commission will be timely only
18 if it is received by the Commission prior to the close of business on the last day of the six-
19 month extension. No further extensions shall be granted.

20 c. The Commission may grant an extension request only if Respondents
21 provide the Commission with a timely showing that good cause exists to grant an
22 extension, and evidence that a verifiable, good faith effort was made to consummate the
23 sale within the requisite time period.

24 d. The Stay Period shall not be extended beyond December 31, 2021, unless
25 Respondents’ licenses are extended by the Commission or law past that date.

26 16. Upon the earlier of (a) the expiration of the Stay Period or subsequent denial of an
27 extension of the stay, as provided for in paragraph 15, or (b) the consummation of the sale of the
28 Casino’s assets, the stay of the revocations of Respondents’ licenses shall be automatically and

1 immediately lifted and Respondents' licenses shall be immediately revoked, without hearing or
2 any right to appeal. Respondents, with the advice of their attorney, knowingly, voluntarily and
3 expressly waive any right to a hearing on such revocations, and any right to appeal, or to contest
4 in any manner, such revocations.

5 17. Respondents, with the advice of their attorney, knowingly, voluntarily and expressly
6 agree that their licenses and ability to own and operate the Casino during the Stay Period shall be
7 conditioned upon full compliance with the following terms and conditions:

8 a. Respondents shall employ an appropriately licensed individual, who is not
9 objectionable to the Bureau and who is not related to Mr. Phong by blood or marriage, to
10 serve as general manager of the Casino during the time the stay is in effect. During the
11 Stay Period, the Casino may not operate unless it is under the direction of a general
12 manager, who is not related to Mr. Phong. During the Stay Period, Va Phong shall not be
13 employed by Respondents in any capacity that requires a license, registration, approval, or
14 permit issued by the Commission, the Bureau, or the City of Marysville. Respondents
15 warrant and represent that, as of the date they signed this Stipulated Settlement, the
16 Casino is closed in response to statewide and local restrictions in response to COVID-19.
17 Respondents understand and agree that Complainant is relying on this warranty and
18 representation in agreeing to this subparagraph 17a. During the Casino's closure as part
19 of the statewide or local response to COVID-19 and as an immediate continuation of that
20 closure, Respondents may employ Va Phong to provide services to the closed Casino.
21 Upon reopening the Casino, Respondents shall comply in all respects with this
22 subparagraph 17a, including not employing Va Phong in any capacity that requires a
23 license, registration, approval, or permit issued by the Commission, the Bureau, or the
24 City of Marysville.

25 b. Respondents shall comply with the Penal Code, the Act, the regulations
26 promulgated thereunder, the Marysville gambling ordinance, and federal laws and
27 regulations relating to gambling and anti-money laundering.
28

1 c. Respondents shall not allow on-duty Casino employees to occupy the
2 player-dealer position in No Bust Blackjack, or any other controlled game, offered for
3 play at the Casino.

4 d. Respondents shall not allow Casino on-duty dealers to participate in any
5 capacity, including, but not limited to, filling-in for the third-party proposition player
6 when that player leaves the table, in the play of controlled games at the Casino.

7 e. Respondents shall not use house money to stake persons, including, but not
8 limited to, on-duty employees, to play in controlled games offered for play at the Casino.

9 f. Respondents shall have no financial interest whatsoever, either direct or
10 indirect, in funds wagered, lost, or won in controlled games offered for play at the Casino.

11 g. Respondents shall ensure that all controlled games offered for play at the
12 Casino are played in accordance with the game rules approved by the Bureau.

13 h. Respondents shall ensure that all controlled games, including, but not
14 limited to, No Bust Blackjack, offered for play at the Casino are played in accordance
15 with the Penal Code, the Act, and the regulations adopted thereunder, as well as the
16 Marysville gambling ordinance.

17 i. Respondents shall ensure that the Casino's surveillance system complies
18 with the regulatory requirements and that surveillance video is made promptly available to
19 the Bureau when requested.

20 j. Respondents shall have a key employee present in the Casino at all times
21 the card room is open to the public.

22 k. Respondents shall maintain the Casino's cage and podium in compliance
23 with all regulatory requirements.

24 l. Respondents or their general manager shall report monthly to the
25 Commission and the Bureau regarding the status of any proposed sale.

26 18. Respondents, with the advice of their attorney, knowingly, voluntarily and expressly
27 agree that any breach of or default in performing the terms and conditions of this Stipulated
28 Settlement, including any breach of any of the conditions in paragraph 17 above, is a sufficient

1 basis to lift the stays of the revocations of Respondents' licenses. Respondents' only basis to
2 appeal such a lifting of the stays is to contest whether a violation factually occurred.
3 Respondents, with the advice of their attorney, knowingly, voluntarily and expressly waive the
4 right to appeal that the only remedy is the lifting of the stays if such a violation is found to have
5 occurred. Additionally, if the Bureau, in its discretion determines that a violation occurred, that
6 determination is a sufficient basis, in-and-of-itself, for the issuance of an emergency order, which
7 may include closing of the Casino while any appeal is pending, if the Bureau, in its discretion,
8 decides that the issuance of such an order is warranted.

9 19. Respondents, jointly and severally, shall pay to the Bureau \$50,000 in fines (Fines)
10 for the violations alleged, and admitted to, in the Statement of Reasons. The Fines are in addition
11 to the action taken by the Commission against Respondents' licenses pursuant to Business and
12 Professions Code section 19930, subdivision (c). The Fines shall be allocated \$30,000 for the
13 first three Causes for Denial (\$10,000 each) and \$20,000 for the Fourth Cause for Denial, which
14 has 10 violations (\$2,000 for each violation). The Fines will be paid upon expiration or
15 termination of the Stay Period. If the Stay Period terminates as the result of a sale, the Fines will
16 be paid in full upon the closing. Respondents shall instruct the purchaser under any sales or
17 similar agreement and the escrow holder to pay \$50,000 at the closing to the Bureau, which shall
18 have a lien on the proceeds of the sale for the Fines.

19 20. The Bureau agrees not to seek, and waives, reimbursement of its costs related to this
20 matter.

21 21. Respondents have been advised and, therefore understand and acknowledge, that
22 upon the Effective Date, their interim renewal licenses will cease to be valid and will be
23 automatically canceled. (Cal. Code Regs., tit. 4, § 12035, subd. (b)(2).)

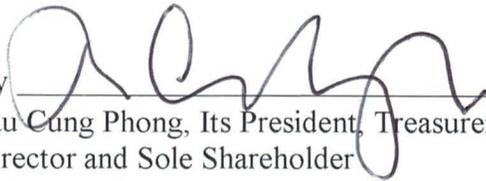
24 22. If the Stay Period exceeds the term, or expiration date, of any license granted and
25 issued pursuant to this Stipulated Settlement, Respondents acknowledge and agree that any
26 renewal license granted by the Commission will require their continued compliance with this
27 Stipulated Settlement for the entire Stay Period.
28

ACCEPTANCE

Respondents have carefully read and considered the above Stipulated Settlement. They have discussed the above Stipulated Settlement’s terms and effects with their attorney. Respondents understand the Stipulated Settlement and the effects it will have on their state gambling licenses. Respondents further understand that their state gambling licenses will be revoked subject to a 12-month stay and conditions. Respondents further understand that they, jointly and severally, will be obligated to pay \$50,000 in fines to the Bureau 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 lifting the stay and revocation of their state gambling licenses. Respondents enter into this Stipulated Settlement voluntarily, knowingly and intelligently, and agree to be bound by its terms.

Dated: March 23, 2020

Sau Cung Phong Inc., d.b.a. Casino Marysville

By 
Sau Cung Phong, Its President, Treasurer, Secretary,
Director and Sole Shareholder
Respondent

Dated: March 23, 2020


Sau Cung Phong
Respondent

Approved as to Form:

Dated: March __, 2020

John K. Maloney, Esq.
Attorney for Respondents

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COMPLAINANT'S ACCEPTANCE

Dated: March 25, 2020

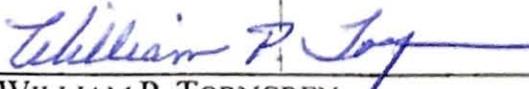

STEPHANIE SHIMAZU, Director
Bureau of Gambling Control
California Department of Justice

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

Dated: March 25, 2020

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

By:


WILLIAM P. TORNGREN
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 First Amended Statement of Reasons for Sau Cung Phong, Inc., d.b.a. Casino Marysville, ad Sau Cung Phong, President, Treasure, Secretary, Director and Sole Shareholder*, CGCC Case No. CGCC-2018-0426-7C , GBC Case, No. BGC- HQ2018-00024SL as its final Decision and Order in this matter to be effective upon execution below by its members.

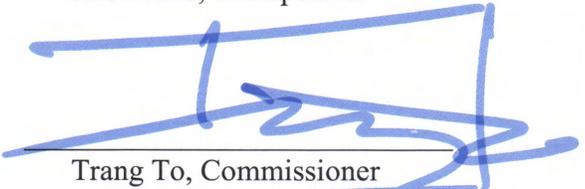
IT IS SO ORDERED

Dated: 3-26-2020



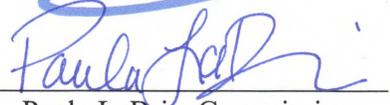
Jim Evans, Chairperson

Dated: 3/26/20



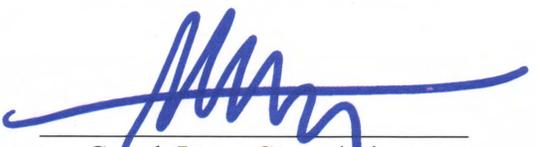
Trang To, Commissioner

Dated: 3/26/20



Paula LaBrie, Commissioner

Dated: 3/26/20



Gareth Lacy, Commissioner