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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
COLIN A. WOOD, SBN 267539
Deputy Attorney General
1300 I Street, Suite 125
P.O. Box 944255
Sacramento, CA 94244-2550
Telephone: (916) 210-7754
Fax: (916) 327-2319
E-mail: Colin.Wood@doj.ca.gov
Attorneys for the Bureau of Gambling Control

BEFORE THE
CALIFORNIA GAMBLING CONTROL COMMISSION
STATE OF CALIFORNIA

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

**PRCCC, INC., license number GEOW-
003362, d.b.a PASO ROBLES CENTRAL
COAST CASINO, license number GEGE-
001329**

Sole Shareholder of PRCCC, Inc.:
**DONALD G. EZZELL, license number
GEOW-03361**

**1124 Black Oak Drive
Paso Robles, California 93446**

Respondents.

BGC Case No. HQ2017-0003AL
OAH No. 2018080180

**STIPULATED SETTLEMENT;
DECISION AND ORDER**

**Hearing Dates: November 18-20, 22, 2019;
February 11, 2020**

**Place: Office of Administrative Hearings
2349 Gateway Oaks Drive, Suite 200
Sacramento, CA 95833**

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PURPOSE OF THIS STIPULATED SETTLEMENT

This Stipulated Settlement resolves the Second Amended Accusation and Statement of Issues (Charging Pleading), dated July 10, 2019, in the above-entitled matter. Respondents PRCCC, Inc. (Corporation), d.b.a. Paso Robles Central Coast Casino (Casino), and Donald Ezzell (Mr. Ezzell) (collectively, Respondents) hold interim renewal gambling establishment owner licenses and have applications pending for renewal of their gambling establishment owner licenses pursuant to the Gambling Control Act (Act) (Bus. & Prof. Code, § 19800 et seq.). The Charging Pleading alleges violations of, and seeks to revoke Respondents' licenses and deny the renewal applications for lack of suitability for licensing under the Act and the regulations adopted pursuant to the Act.

PARTIES

1. Stephanie Shimazu (Complainant) filed the Charging Pleading solely in her official capacity as Director of the California Department of Justice, Bureau of Gambling Control (Bureau).

2. On May 12, 2016, the California Gambling Control Commission (Commission) issued a gambling establishment owner license, license number GEOW-003361, to Mr. Ezzell. He is the sole shareholder in the Corporation, license number GEOW-003362, which owns and operates the Casino, license number GEGE-001329. Respondents' gambling establishment owner licenses and the Casino's gambling establishment license were set to expire on May 31, 2018, but the Commission issued interim renewal licenses to each while this matter is pending.

3. The Bureau recommended that Respondents' renewal applications be denied. On May 24, 2018, the Commission referred the applications to a hearing under the Administrative Procedure Act to be conducted by an administrative law judge. (Cal. Code Regs., tit. 4, § 12058.) The hearing was to be consolidated with the hearing on an accusation (Initial Accusation) that Complainant filed on May 17, 2018.

1 **JURISDICTION**

2 4. On May 17, 2018, Complainant served the Initial Accusation, along with a Statement
3 to Respondent (Gov. Code, § 11505, subd. (b)), Request for Discovery (Gov. Code, § 11597.6),
4 copies of Government Code sections 11507.5, 11507.6 and 11507.7, and two copies of the Notice
5 of Defense form (Gov. Code, §§ 11505 & 11506). On January 9, 2019, Complainant served a
6 First Amended Accusation and Statement of Issues.

7 5. On July 10, 2019, Complainant served the Charging Pleading.

8 6. Respondents served timely Notices of Defense as to the Initial Accusation, First
9 Amended Accusation and Statement of Issues, and the Charging Pleading.

10 **ADVISEMENT AND WAIVERS**

11 7. Each Respondent has carefully reviewed, and has discussed with counsel, the legal
12 and factual allegations in the Charging Pleading. Each Respondent has also carefully reviewed,
13 and has discussed with counsel, this Stipulated Settlement. Respondent fully understands the
14 terms and conditions contained within this Stipulated Settlement and the effects thereof.

15 8. Each Respondent is fully aware of his or its legal rights in this matter, including: the
16 right to a hearing on all the allegations in the Charging Pleading; the right to be represented by
17 counsel of his or its choice at his or its own expense; the right to confront and cross-examine the
18 witnesses against him or it; the right to present evidence and testify on his or its own behalf; the
19 right to the issuance of subpoenas to compel the attendance of witnesses and the production of
20 documents; the right to apply for reconsideration and court review of an adverse decision; and all
21 other rights afforded by the California Administrative Procedure Act (Gov. Code, § 11370 et
22 seq.), the Act, and all other applicable state and federal laws.

23 9. Each Respondent voluntarily, knowingly, and intelligently waives and gives up each
24 and every right set forth in paragraph 8 above, agrees not to request further hearing on the
25 Charging Pleading, and agrees to be bound by this Stipulated Settlement.

26 **STIPULATED AGREEMENT OF SETTLEMENT**

27 10. For the purposes of resolving and settling the Charging Pleading and for any other
28 matter now and in the future involving the Commission, the Bureau, or licensed gambling, each

1 Respondents admits that the factual and legal allegations in, and supporting, the Charging
2 Pleading, if proven, provide a sufficient legal and factual basis to discipline, and deny renewal of,
3 their licenses and for invalidation of any interim renewal license.

4 11. Each Respondent understands and agrees that the admissions made in paragraph 10
5 above may be entered into evidence in any legal proceeding brought or prosecuted by the
6 Commission or the Bureau as if those admissions were made under oath and penalty of perjury.
7 The admissions made by Respondent herein are only for the purposes of this proceeding, or any
8 future proceedings in which the Bureau, the Commission, or any successor agency is involved,
9 and shall not be otherwise admissible in any criminal, civil, or unrelated administrative
10 proceeding.

11 12. Upon the effective date of the Decision and Order issued by the Commission
12 adopting this Stipulated Settlement (Effective Date), Respondents' pending state gambling license
13 applications will be granted and their state gambling licenses will be renewed. Immediately
14 thereafter, Respondents' state gambling licenses will be revoked. The revocations, however, shall
15 be stayed as provided in paragraph 13 of this Stipulated Settlement. Each Respondent
16 acknowledges, understands, and agrees that the stay of revoking his or its state gambling license
17 is intended to preserve the Casino's existence for purposes of Business and Professions Code
18 sections 19962 and 19963, to allow a possible sale of Mr. Ezzell's shares in the Corporation or
19 the Corporation's ownership interest in the Casino's assets or business, and to allow the Casino to
20 be a going concern for whatever benefits that it may provide its employees, the community, and
21 general public. In addition to and as part of their waivers set forth in paragraphs 8 and 9 above,
22 each Respondent expressly, voluntarily, and knowingly waives any privilege or right available
23 under, or conferred by, Government Code section 11522.

24 13. Revocation of Respondent's license shall be stayed for 12 months from the
25 Effective Date (the Stay Period) during which time Respondents shall make a good faith and
26 diligent effort to sell Mr. Ezzell's shares in the Corporation or the Corporation's ownership
27 interest or the Casino's assets or business. Upon Respondents' showing of good cause and
28 diligence, the Commission may extend the Stay Period for an additional 12 months. Except as

1 provided herein, under no circumstances may the Stay Period be extended or otherwise
2 lengthened beyond 24 months from the Effective Date. At the end of 12 months and any
3 extension not to exceed 12 months, the Stay Period will expire, except if a complete application
4 for approval of a sale (the Sale Application) is pending before the Bureau or the Commission, in
5 which case the Stay Period shall continue until the earliest of (a) August 31, 2022, or any license-
6 extension period allowed by the Act, (b) the date the Commission denies the Sale Application, or
7 (c) the date that a sales transaction is closed and ownership is transferred following the
8 Commission's approval of the Sale Application. The Bureau recognizes and acknowledges that
9 good cause exists to expedite review of any Sale Application because of Respondents' license
10 revocation and the desire to preserve and protect the possible interests of the Casino's employees,
11 the community, and the general public.

12 a. The Stay Period shall terminate, and Respondents' licenses be revoked, upon any
13 of the following events: (1) Respondents close a sale of Mr. Ezzell's shares or the
14 Corporation's ownership interest or of the Casino's assets or business (Sales
15 Event); or (2) a violation of, or failure to comply with, the conditions set forth in
16 paragraph 16 of this Stipulated Settlement. Each Respondent understands,
17 acknowledges, warrants, represents, and agrees that any Sales Event shall be
18 subject to the Commission's prior approval.

19 b. Upon the expiration or termination of the Stay Period, Respondents' state
20 gambling licenses shall be automatically revoked without hearing or any right to
21 appeal. Each Respondent expressly waives any right to appeal, or to contest, such
22 revocation. Each Respondent further expressly waives any right to hearing on
23 such revocation.

24 14. In consideration of this Stipulated Settlement, the Complainant waives her prayer for,
25 or claim to, monetary penalties under Business and Professions Code section 19930, subdivision
26 (c).

27 15. Respondents, jointly and severally, agree to pay the Bureau the sum of \$65,000 (Cost
28 Recovery) as the reasonable costs of investigation and prosecution of this matter as provided for

1 in Business and Professions Code section 19930. When paid, the Cost Recovery will be
2 deposited, in accordance with Business and Professions Code sections 19930, subdivision (f), and
3 19950, subdivision (b). The Cost Recovery will be paid upon expiration or termination of the Stay
4 Period. If the Stay Period terminates as the result of a Sales Event, the Cost Recovery will be
5 paid in full upon the closing. Respondents shall instruct the purchaser under any sales or similar
6 agreement and the escrow holder to pay \$65,000 at the closing to the Bureau, which shall have a
7 lien on the proceeds of the sale for the Cost Recovery.

8 16. During the Stay Period, Respondents shall meet, or perform, the following conditions:

- 9 a. Respondents shall cause the Casino to comply at all times with California Code of
10 Regulations, title 11, section 2053 (Section 2053).
- 11 b. For chips-in-use liability and all chips outside the control of the gambling
12 establishment, the Casino shall maintain a separate insured, unencumbered, non-
13 hypothecated bank account with funds greater than the Casino's chips-in-use
14 liability plus the value of all Casino chips outside the control of the gambling
15 establishment. The chips-in-use account must be with a bank, not a brokerage
16 firm. The funds shall be maintained in cash.
- 17 c. The Casino shall immediately update its written policies and procedures for
18 compliance with Section 2053 and provide the Bureau with a copy of these
19 updated written policies and procedures within five days. The Casino shall
20 provide the Bureau with any future revisions at any time upon request, and in any
21 case at least once annually.
- 22 d. The Casino shall provide its contracted Third-Party Provider an on-premises
23 lockable cabinet or podium for the Third-Party Provider's exclusive use and
24 storage of chips in use. This will be located onsite in an area approved by the
25 Bureau and will serve as a secured physical location that is accessible only to the
26 Third-Party Provider's players and/or supervisors.
- 27 e. Neither the Casino nor any person acting on its behalf shall have access to the
28 Third-Party Provider's chips in use or the lockable cabinet or podium provided

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pursuant to this paragraph 16.

- f. Third-Party Provider onsite funds shall not be comingled with, and shall be kept separate from, the Casino's funds. The Casino shall not use the Third-Party Provider onsite funds for any reason, including, among other things, bill denomination exchanges, short-term ATM use, or to collect for liabilities alleged to be owed by the Third-Party Provider.
- g. The Casino shall provide to the Bureau quarterly a profit and loss statement of operations and monthly copies of bank account statements showing all transactions in Section 2053 funds for the month, a statement of chip inventory, and a statement of outstanding chip liability for chips outside the control of the gambling establishment. Each statement shall be in a form satisfactory to the Bureau. Additionally, the Casino shall provide the Bureau with any other financial reports, operations reports, policies and procedures, or statements that the Bureau may require, and shall make interim versions of such reports, policies, and statements, as well as the Casino's books and records, available to the Bureau for inspection immediately upon demand.
- h. The Casino shall comply with all Bureau requests to inspect, examine, or test all camera and surveillance equipment. The Casino shall comply with all Bureau requests to copy surveillance video on to Bureau copying and saving devices. The Casino shall provide the Bureau, at least annually and more often as requested by the Bureau, with a certificate of the Paso Robles Police Department respecting the integrity, operability, and good working order of all Casino camera and surveillance equipment.
- i. Respondents and the Casino shall comply in all material respects with the Act, the regulations adopted under the Act, the Penal Code, and any federal, state, or local laws, ordinances, and regulations governing gambling or the operation of gambling establishments.

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

3 17. Pending the Commission's adoption of this Stipulated Settlement, Respondents shall
4 comply in all respects with the conditions set forth above in paragraph 16. From the Effective
5 Date and during the Stay Period, Respondents shall comply in all respects with the conditions set
6 forth in this Stipulated Settlement. Each Respondent understands and agrees that the violation of,
7 or failure to comply with, any of the conditions set forth in this Stipulated Settlement shall
8 constitute a sufficient basis, in and of itself, to terminate the stay, making revocation of his or its
9 state gambling license immediately effective.

10 18. Respondents agree that it shall be a default under this Stipulated Settlement to (a) fail
11 to pay the Cost Recovery when due, or (b) fail otherwise to comply with any term of this
12 Stipulated Settlement.

13 19. If Respondents default in payment of any monies due under this Stipulated Settlement
14 in any way, Respondents agree that the Commission's Decision and Order adopting the Stipulated
15 Settlement may be presented to the Sacramento County Superior Court and, after notice to
16 Respondents and an opportunity to be heard, judgment entered thereon. Respondents further
17 agree that the judgment shall include interest, calculated at the maximum rate allowed by law to
18 accrue from the Effective Date. Respondents also agree that the judgment shall include the
19 Bureau's costs of obtaining, enforcing, and collecting the judgment. Costs shall include
20 reasonable attorney fees calculated at then prevailing hourly rates for services provided in the
21 private sector for attorneys of comparable experience.

22 20. Respondents agree that upon a default, any license issued by the Commission to them
23 shall be deemed to be revoked automatically and immediately and shall be of no further effect.
24 Each Respondent expressly waives any right to hearing with respect to, or arising out of, any
25 license revocation based upon a default in paying the Cost Recovery or based upon the allegations
26 of the Charging Pleading that are admitted to in paragraph 10 above. The parties understand and
27 acknowledge that Respondents may request a hearing as to any other basis for default.

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

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

8 23. The parties agree that this Stipulated Settlement fully resolves their dispute
9 concerning the Charging Pleading, and that, except upon default, no further penalties, fines, and
10 costs shall be sought against Respondents based solely upon the allegations contained within the
11 Charging Pleading.

12 24. This Stipulated Settlement shall be subject to adoption by the Commission.
13 Respondents understand and specifically agree that counsel for the Complainant, and the
14 Bureau's staff, may communicate directly with the Commission regarding this Stipulated
15 Settlement, without notice to, or participation by, Respondents or their counsel, and that no such
16 communication shall be deemed a prohibited ex parte communication. Respondents specifically
17 acknowledge and agree that such communications are permissible pursuant to Government Code
18 section 11430.30, subdivision (b).

19 25. By signing this Stipulated Settlement, each Respondent understands and agrees that
20 he or it may not withdraw his agreement or seek to rescind the Stipulated Settlement prior to the
21 time the Commission considers and acts upon it. If the Commission fails to adopt this Stipulated
22 Settlement as its Decision and Order, this Stipulated Settlement shall be of no force or effect and,
23 except for actions taken pursuant to this paragraph and paragraph 24 above, it shall be
24 inadmissible in any legal action between the parties. The Commission's failure to adopt the
25 Stipulated Settlement shall not disqualify the Commission from any further action regarding
26 Respondents' licensure, including, but not limited to, disposition of the Charging Pleading by a
27 decision and order following a hearing on the merits.

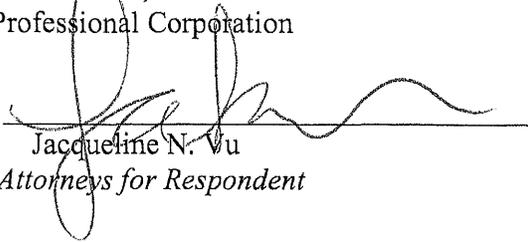
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Approved as to Form:

Dated: February 11, 2020

BUCHALTER,
A Professional Corporation

By 
Jacqueline N. Vu
Attorneys for Respondent

COMPLAINANT'S ACCEPTANCE

Dated: February __, 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: February __, 2020

XAVIER BECERRA
Attorney General of California
SARA J. DRAKE
Senior Assistant Attorney General
T. MICHELLE LAIRD
Supervising Deputy Attorney General
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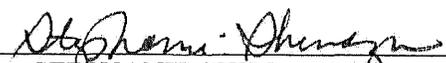
Dated: February __, 2020

BUCHALTER,
A Professional Corporation

By _____
Jacqueline N. Vu
Attorneys for Respondent

COMPLAINANT'S ACCEPTANCE

Dated: February 11, 2020

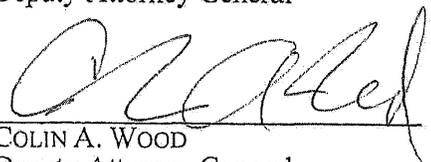


STEPHANIE SHIMAZU, Director
Bureau of Gambling Control
California Department of Justice

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Dated: February 11, 2020

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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 Second Amended Accusation and Statement of Issues Against: PRCCC, Inc., etc.*, BGC Case No. HQ2017-00003AL, and OAH Case No. 2018080180, as its final Decision and Order in the matter to be effective upon execution below by its members.

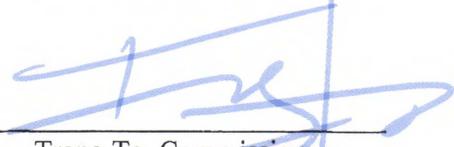
IT IS SO ORDERED

Dated: 5-28-2020



Jim Evans, Chairperson

Dated: 5/28/20



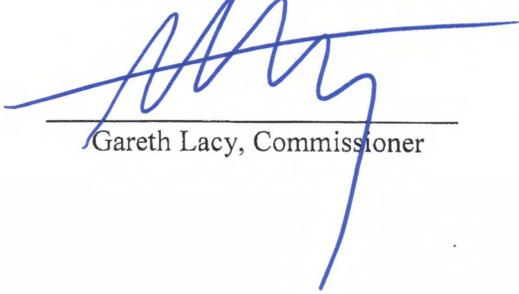
Trang To, Commissioner

Dated: 5/28/20



Paula LaBrie, Commissioner

Dated: 5/28/20



Gareth Lacy, Commissioner