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

12  
13 **In the Matter of the Accusation Against:**

14 **STAR'S CASINO, formerly known as the**  
**Comstock Casino (GEGE-001082);**

15 **JOSEPH A. MELECH (GEOW-002594);**

16 **MONICA M. MELECH (GEOW-002593);**

17 **Respondents.**

**BGC Case No. BGC-HQ2017-00002AL**

18  
19 **In the Matter of the Statement of Issues**  
**Against:**

20 **STAR'S CASINO, formerly known as the**  
**Comstock Casino (GEGE-001082);**

21 **STAR'S GAMING, INC. (GEOW-003460);**

22 **JOSEPH A. MELECH (GEOW-003461);**

23 **MONICA M. MELECH (GEOW-003462);**

24 **EMMANUEL MACALINO (GEOW-**  
**003456)**

25  
26 **Respondents.**

**BGC Case No. BGC-HQ2018-00030SL**

**STIPULATED SETTLEMENT,**  
**DECISION, AND ORDER**

1 This Stipulated Settlement resolves the Accusation (Accusation) and the Statement of  
2 Issues (Statement of Issues) (collectively, Operative Pleadings) in the above-titled matters. The  
3 Accusation seeks to discipline the licenses of Joseph A. Melech (Mr. Melech) and Monica M.  
4 Melech (Ms. Melech), doing business as Star's Casino (Card Room). The Statement of Issues  
5 seeks to deny the license applications of the Card Room, Star's Gaming, Inc. (Corporation), Mr.  
6 Melech, Ms. Melech, and Emmanuel Macalino (Mr. Macalino).<sup>1</sup> The Operative Pleadings  
7 allege violations of, and lack of suitability for licensing under, the Gambling Control Act (Act)  
8 (Bus. & Prof. Code, § 19800 et seq.) and the regulations promulgated thereunder.

9 **PARTIES**

10 1. Wayne J. Quint, Jr., solely in his official capacity as the Director of the  
11 California Department of Justice, Bureau of Gambling Control (Bureau), brought the  
12 Accusation. Stephanie Shimazu (Complainant) succeeded Director Quint as, and currently is,  
13 the Bureau's Director. She brought the Statement of Issues and is signing this Stipulated  
14 Settlement solely in her official capacity as the Bureau's Director.

15 2. The Card Room is a licensed gambling establishment, California State Gambling  
16 License Number GEGE-001082. It is an eight-table card room presently operating at 775 West  
17 Clover Road, Tracy, California. It changed its name from Comstock Casino and relocated to  
18 775 West Clover Road in 2013. Mr. Melech, license number GEOW-002594, is endorsed on  
19 the Card Room's license. Ms. Melech, license number GEOW-002593, is endorsed on the Card  
20 Room's license. Mr. and Ms. Melech presently are the Card Room's owners as sole  
21 proprietors. The Card Room, Mr. Melech, and Ms. Melech each hold an interim renewal  
22 license issued by the California Gambling Control Commission (Commission).

23 3. In April 2013, the following initial applications for a state gambling license  
24 under the Act were submitted. Each was assigned the license number set forth below.

25 a. The Corporation, license number GEOW-003460, applied for a state  
26 gambling license to do business as, own, and operate the Card Room.

27 <sup>1</sup> The Card Room, the Corporation, Mr. Melech, Ms. Melech, and Mr. Macalino are  
28 referred to, collectively, as "Respondents" and, individually, as "Respondent" in this Stipulated  
Settlement.

1 b. Mr. Melech applied for a state gambling license to be one of the  
2 Corporation’s shareholders. His license number is GEOW-003461.

3 c. Ms. Melech applied for a state gambling license to be one of the  
4 Corporation’s shareholders. Her license number is GEOW-003462.

5 d. Mr. Macalino applied for a state gambling license to be one of the  
6 Corporation’s shareholders. His license number is GEOW-003456.

7 4. The Bureau recommended that each application, described in paragraph 3 above,  
8 be denied. On December 18, 2017, the Commission referred each application to a hearing  
9 under the Administrative Procedure Act to be conducted by an administrative law judge. (Cal.  
10 Code Regs., tit. 4, § 12058.) The hearing was to be consolidated with the hearing on the  
11 Accusation.

12 **JURISDICTION**

13 5. On July 14, 2017, the Accusation was served, along with a Statement to  
14 Respondent (Gov. Code, § 11505, subd. (b)), Request for Discovery (Gov. Code, § 11597.6),  
15 copies of Government Code sections 11507.5, 11507.6 and 11507.7, and two copies of the  
16 Notice of Defense form (Gov. Code, §§ 11505 & 11506).

17 6. On November 21, 2018, the Statement of Issues was served, along with a  
18 Statement to Respondent (Gov. Code, § 11505, subd. (b)), Request for Discovery (Gov. Code, §  
19 11597.6), copies of Government Code sections 11507.5, 11507.6 and 11507.7, and two copies  
20 of the Notice of Defense form (Gov. Code, §§ 11505 & 11506).

21 7. Respondents served timely Notices of Defense.

22 **ADVISEMENT AND WAIVERS**

23 8. Each Respondent has carefully reviewed, and has discussed with counsel, the  
24 legal and factual allegations in the Operative Pleadings. Each Respondent has also carefully  
25 reviewed, and has discussed with counsel, this Stipulated Settlement. Each Respondent fully  
26 understands the terms and conditions contained within this Stipulated Settlement and the effects  
27 thereof.

1           9.       Each Respondent is fully aware of his, her, or its legal rights in this matter,  
2 including: the right to a hearing on all the allegations in the Operative Pleadings; the right to be  
3 represented by counsel of his, her, or its choice at his, her, or its own expense; the right to  
4 confront and cross-examine the witnesses against him, her, or it; the right to present evidence  
5 and testify on his, her, or its own behalf; the right to the issuance of subpoenas to compel the  
6 attendance of witnesses and the production of documents; the right to apply for reconsideration  
7 and court review of an adverse decision; and all other rights afforded by the California  
8 Administrative Procedure Act (Gov. Code, § 11370 et seq.), the Act, and all other applicable  
9 laws.

10           10.       Each Respondent voluntarily, knowingly, and intelligently waives and gives up  
11 each and every right set forth in paragraph 9 above, agrees not to request a hearing on the  
12 Operative Pleadings, and agrees to be bound by this Stipulated Settlement.

13                               **STIPULATED ADMISSIONS**

14           11.       Each Respondent admits to the truth of the following facts, and warrants,  
15 represents, and agrees that each is true, accurate, and complete:

16               a.       Respondents understand now that they did not timely make full and true  
17 disclosure of information necessary to carry out the state’s policies relating to licensing  
18 and control of gambling. Respondents initially did not disclose agreements regarding  
19 financing and ownership arrangements to the Bureau and the Commission. Beginning  
20 in 2012 without the Commission’s prior approval, Mr. Macalino provided more than \$1  
21 million in loans for the Card Room’s use. Mr. Macalino, at his option, could convert  
22 those loans into an ownership interest in the Card Room through the Corporation. The  
23 loan proceeds were used to remodel and relocate the gambling establishment and pay  
24 existing debt. Mr. Macalino was not licensed as an owner of, or a financial interest  
25 holder in, the Card Room. In sum, Respondents entered into an undisclosed venture,  
26 which included funding by an unlicensed person, to remodel premises, relocate the  
27 gambling establishment, and become co-owners.  
28

1           b.       Even though Respondents had applications for licenses and other  
2           approvals pending before the Commission, they did not fully disclose immediately and  
3           over some period of time the venture, the financing sources, and the option to acquire an  
4           ownership interest.

5           c.       For a substantial time, Respondents did not fully document the  
6           transactions by which more than \$1 million was provided to the Card Room and by  
7           which Mr. Macalino had a right to obtain an ownership interest in the Card Room. For  
8           nearly three years despite repeated requests from the Bureau, Respondents provided  
9           incomplete transactional documents to the Bureau. When asked for complete, definitive  
10          transactional documents, Respondents' designated agent represented that complete,  
11          definitive transactional documents were not required. Upon learning of the Bureau's  
12          repeated requests and their designated agent's representations, Respondents caused  
13          complete, definitive transactional documents to be submitted to the Bureau.

14          d.       Respondents engaged in a course of conduct by which Mr. Macalino  
15          performed certain duties in connection with the operation of the Card Room. Mr.  
16          Macalino, among other tasks, did the following: discussed long and short term strategic  
17          goals of the Card Room; communicated with third party providers of proposition player  
18          services (third-party provider) to assist in maintaining a mutually beneficial relationship  
19          with the Card Room; reviewed and analyzed collection rates, games, gaming activities,  
20          and promotions; assisted in developing checks and balances among the Card Room's  
21          departments; coordinated with outside industry consultants regarding the Card Room's  
22          operations; reviewed third-party provider contracts and made recommendations to  
23          improve operations; assisted in recruiting key employees and staff by interviewing and  
24          assessing applicants' strengths and weaknesses; and made recommendations to Mr.  
25          Melech and the Card Room's general manager. Mr. Macalino was not licensed as a key  
26          employee or an owner. Respondents knew that he was not so licensed. Respondents do  
27          not believe, and have contested Complainant's allegations, that Mr. Macalino was  
28          performing key-employee duties.

1 e. Mr. Melech and Ms. Melech have been owners of the Card Room for  
2 nearly 30 years, over which time they have received two letters of warning. After  
3 consulting with their designated agent in 2012, Respondents did not believe that they  
4 were required to disclose the venture, the financing sources, or the option to acquire an  
5 ownership interest. Their designated agent advised them disclosure was not required  
6 until the option was exercised. Respondents understood that they then would seek the  
7 Commission's approval to own shares in, and to transfer the Card Room's assets to, the  
8 Corporation. In 2013, once the Bureau became aware of the venture, Respondents made  
9 disclosure to the extent recommended by their designated agent. Respondents relied  
10 upon their designated agent, who represented himself to be a retired Bureau special  
11 agent with extensive expertise in gambling matters and licensing. They relied upon him  
12 both as to whether and when to disclose information to the Bureau and the Commission.  
13 Respondents made their designated agent fully aware of their intended transactions,  
14 provided him detail as to the purposes and progress of those transactions, kept him  
15 informed of Mr. Macalino's providing monies, and sought the designated agent's advice  
16 as to disclosure and presenting the transactions to the Bureau and the Commission.  
17 Respondents' designated agent failed to keep them apprised of the Bureau's requests or  
18 his responses. Upon learning that their designated agent was not being forthcoming  
19 with the Bureau, Respondents terminated his services and promptly responded to the  
20 Bureau's requests.

21 **STIPULATED AGREEMENT OF SETTLEMENT**

22 12. The foregoing admitted facts and any other admissions made by Respondents  
23 herein are made for the purpose of resolving the Operative Pleadings and also are made to be  
24 used in any other matter now and in the future involving the Commission or the Bureau. Each  
25 Respondent admits, and agrees, that under the Act such facts provide a sufficient factual basis  
26 to discipline his, her, or its licenses or to deny his, her, or its application for licensure. Each  
27 Respondent further admits, and agrees, that such facts establish that his, her, or its license is  
28 subject to discipline and his, her, or its license application is subject to denial.

1           13. Each Respondent understands and agrees that the admissions made in paragraphs  
2 11 and 12 above may be entered into evidence in any legal proceeding brought or prosecuted by  
3 the Commission or the Bureau, as if those admissions were made under oath and penalty of  
4 perjury. The admissions made by Respondents herein are only for the purposes of these  
5 proceedings, or any current or future proceedings in which the Bureau, the Commission, or any  
6 successor agency is involved regarding gambling activities, and shall not be otherwise  
7 admissible in any criminal, civil, or unrelated administrative proceeding.

8           14. Upon the effective date of the Decision and Order issued by the Commission  
9 adopting this Stipulated Settlement (Effective Date), Respondents' pending state gambling  
10 license applications will be renewed, granted, suspended, and stayed as follows:

11           a. License Numbers GEOW-002594 and GEOW-002593 for Mr. Melech  
12 and Ms. Melech, respectively, will be renewed. License Number GEGE-001082 for the  
13 Card Room will be renewed. Mr. Melech and Ms. Melech have been advised and,  
14 therefore understand and acknowledge, that upon the Effective Date, their interim  
15 renewal licenses will cease to be valid and will be automatically canceled. (Cal. Code  
16 Regs., tit. 4, § 12035, subd. (b)(2).)

17           b. License numbers GEOW-003460, GEOW-003461, GEOW-003462, and  
18 GEOW-003456 for the Corporation, Mr. Melech, Ms. Melech, and Mr. Macalino,  
19 respectively, will be granted to become effective upon the Commission's approving the  
20 Card Room selling its assets to the Corporation and related transactions relating to the  
21 Corporation's stock (collectively, Sale Transaction). The Bureau will submit its review  
22 and recommendations regarding those transactions to the Commission promptly  
23 following execution of this Stipulated Settlement. Respondents acknowledge and agree  
24 that (i) neither Complainant nor the Bureau's employees and attorneys have made any  
25 representation regarding whether the Commission will approve the Sale Transaction,  
26 and (ii) approval of the Sale Transaction is completely in the Commission's discretion.

27           c. Immediately following license renewal and granting licensure as  
28 described above in this paragraph 14, Respondents' licenses will be suspended for a

1 total of 12 months (Suspension Period). The suspension will be stayed provided that  
2 Respondents, jointly and severally, perform and comply with each and every condition  
3 of this Stipulated Settlement.

4 15. Respondents, jointly and severally, agree to pay the Bureau a fine in the amount  
5 of \$25,000 (Fine) for the violations alleged in the Operative Pleadings and admitted to in  
6 paragraphs 11 and 12 above. Respondents further agree that the Fine shall be paid in full within  
7 30 days after the Effective Date. The Fine will be deposited in accordance with Business and  
8 Professions Code section 19950, subdivision (a).

9 16. Respondents, jointly and severally, also agree to pay the Bureau the sum of  
10 \$15,000 (Cost Recovery) as the reasonable costs of investigation and prosecution of this matter  
11 as provided for in Business and Professions Code section 19930. Respondents further agree  
12 that the Cost Recovery shall be paid in full within 90 days after the Effective Date. The Cost  
13 Recovery will be paid, and will be deposited, in accordance with Business and Professions  
14 Code sections 19930, subdivision (f), and 19950, subdivision (b).

15 17. During the Suspension Period, Respondents shall meet, or perform, the  
16 following conditions:

17 a. Within 10 days of entering into any letter of intent or other similar  
18 agreement, whether directly or indirectly through an affiliate, with a person or entity  
19 licensed or registered under the Act or an affiliate of such person or entity, Respondents  
20 shall report in writing such agreement to the Bureau and provide copies of written  
21 documents evidencing, summarizing, or memorializing the letter of intent or agreement.

22 b. Within 10 days of entering into any letter of intent or other similar  
23 transactional agreement, whether directly or indirectly through an affiliate, to acquire,  
24 transfer, or dispose of any interest whatsoever in a gambling establishment, Respondents  
25 shall report in writing such agreement to the Bureau and provide copies of written  
26 documents evidencing, summarizing, or memorializing the letter of intent or agreement.

27 c. Within 10 days of entering into any letter of intent or other similar  
28 transactional agreement, whether directly or indirectly through an affiliate, to provide



1 financing, or loan monies to any person or entity licensed or registered under the Act or  
2 an affiliate of such person or entity, Respondents shall report in writing such agreement  
3 to the Bureau and provide copies of written documents evidencing, summarizing, or  
4 memorializing the letter of intent or agreement.

5 d. Respondents shall not employ, whether directly or indirectly, any person  
6 in a key employee position who is not properly licensed to perform key-employee  
7 duties.

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

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

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

16 19. Respondents agree that upon a default, any state gambling license issued by the  
17 Commission to them shall be deemed to be suspended automatically and immediately and shall  
18 be of no effect for the remainder of the Suspension Period. Each Respondent expressly waives  
19 any right to hearing with respect to, or arising out of, any license suspension based upon a  
20 default in paying the Fine, the Cost Recovery, or based upon the allegations of the Operative  
21 Pleadings that are admitted to in paragraphs 11 and 12 above. The parties understand and  
22 acknowledge that Respondents may request a hearing as to any other basis for default.

23 20. The parties agree that this Stipulated Settlement fully resolves their dispute  
24 concerning the Operative Pleadings, and that, except upon default, no further discipline,  
25 including revocation or suspension, shall be sought against Respondents based solely upon the  
26 allegations contained within the Operative Pleadings.

27 21. This Stipulated Settlement shall be subject to adoption by the Commission.  
28 Each Respondent understands and specifically agrees that counsel for the Complainant, and the

1 Bureau's staff, may communicate directly with the Commission regarding this Stipulated  
2 Settlement, without notice to, or participation by, Respondents or their counsel, and that no such  
3 communication shall be deemed a prohibited ex parte communication. Each Respondent  
4 specifically acknowledges and agrees that such communications are permissible pursuant to  
5 Government Code section 11430.30, subdivision (b).

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

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


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

21 [SIGNATURES ON FOLLOWING PAGES]  
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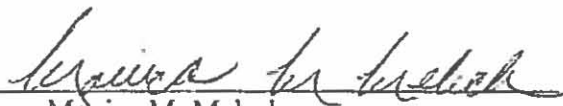
ACCEPTANCE

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 its, her, or his state gambling license will be suspended for 12 months subject to a stay and conditions. Each Respondent further understands that it, she, or he will be obligated jointly and severally to pay the Bureau a total sum of \$40,000 (\$25,000 in Fine and \$15,000 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 lifting the stay and suspension of its, her, or his state gambling license. Each Respondent enters into this Stipulated Settlement voluntarily, knowingly and intelligently, and agrees to be bound by its terms.

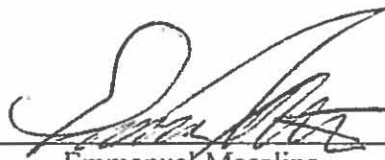
Dated: February 26, 2019

  
\_\_\_\_\_  
Joseph A. Melech  
Respondent

Dated: February 26, 2019

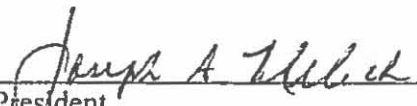
  
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Monica M. Melech  
Respondent

Dated: February 25, 2019

  
\_\_\_\_\_  
Emmanuel Macalino  
Respondent

Dated: February 26, 2019

STAR'S GAMING, INC.

By   
\_\_\_\_\_  
Its President  
Respondent

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Dated: February 26, 2019

STAR'S CASINO

By Joseph A. Melech  
Joseph A. Melech, a sole proprietor  
Respondent

By Monica M. Melech  
Monica M. Melech, a sole proprietor  
Respondent

Approved as to Form:

Dated: February 26, 2019

John L. Cammack  
John L. Cammack  
Michael & Cammack  
*Attorneys for Respondents Joseph A. Melech,  
Monica M. Melech, Star's Casino, and Star's  
Gaming, Inc.*

Approved as to Form:

Dated: February 27, 2019

Keith A. Sharp  
Keith A. Sharp  
Falk & Sharp, a Professional Corporation  
*Attorneys for Respondent Emmanuel Macalino*

**COMPLAINANT'S ACCEPTANCE**

Dated: February \_\_, 2019

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

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Dated: February \_\_, 2019

STAR'S CASINO

By \_\_\_\_\_  
Joseph A. Melech, a sole proprietor  
Respondent

By \_\_\_\_\_  
Monica M. Melech, a sole proprietor  
Respondent

Approved as to Form:

Dated: February \_\_, 2019

\_\_\_\_\_  
John L. Cammack  
Michael & Cammack  
*Attorneys for Respondents Joseph A. Melech,  
Monica M. Melech, Star's Casino, and Star's  
Gaming, Inc.*


Approved as to Form:

Dated: February \_\_, 2019

\_\_\_\_\_  
Keith A. Sharp  
Falk & Sharp, a Professional Corporation  
*Attorneys for Respondent Emmanuel Macalino*

**COMPLAINANT'S ACCEPTANCE**

Dated: February 28, 2019


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

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

Dated: February 28, 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*

1 **DECISION AND ORDER OF THE COMMISSION**

2 The California Gambling Control Commission hereby adopts the foregoing Stipulated  
3 Settlement of the parties for the cases of *In the Matter of the Accusation Against: Star's Casino,*  
4 *formerly known as the Comstock Casino, et al.,* BGC Case No. HQ2017-00002AL, and *In the*  
5 *Matter of the Statement of Issues Against: Star's Casino, formerly known as the Comstock*  
6 *Casino, et al.,* BGC Case No. HQ2018-00030SL, as its final Decision and Order in the matters  
7 to be effective upon execution below by its members.

8 **IT IS SO ORDERED**

9  
10 Dated: 5/30/19

11   
12 \_\_\_\_\_  
13 Jim Evans, Chairperson

14 Dated: 5/30/19

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16 \_\_\_\_\_  
17 Trang To, Commissioner

18 Dated: 5/30/19

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20 \_\_\_\_\_  
21 Paula LaBrie, Commissioner

22 Dated: 5/30/19

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24 \_\_\_\_\_  
25 Gareth Lacy, Commissioner