

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 the Complainant

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).¹ 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 ¹ 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 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]
22
23
24
25
26
27
28

ACCEPTANCE

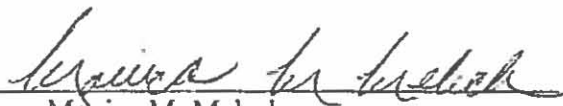
Each Respondent has carefully read and considered the above Stipulated Settlement. Each Respondent has discussed its terms and effects with legal counsel. Each Respondent also understands the Stipulated Settlement and the effects it will or may have on Respondents' state gambling licenses. Each Respondent 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



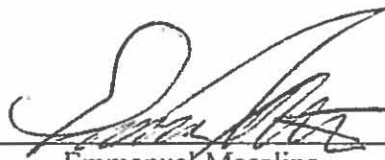
Joseph A. Melech
Respondent

Dated: February 26, 2019



Monica M. Melech
Respondent

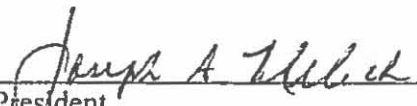
Dated: February 25, 2019



Emmanuel Macalino
Respondent

Dated: February 26, 2019

STAR'S GAMING, INC.

By 

Its President
Respondent

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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

15 
16 _____
17 Trang To, Commissioner

18 Dated: 5/30/19

19 
20 _____
21 Paula LaBrie, Commissioner

22 Dated: 5/30/19

23 
24 _____
25 Gareth Lacy, Commissioner