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10 **BEFORE THE**
11 **CALIFORNIA GAMBLING CONTROL COMMISSION**
12

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

14 **LEWIS & LEWIS, INC., NATALIE LEWIS and**
15 **DAVID LEWIS, and the CAMEO CLUB,**

16 **Respondents.**

17 **License Numbers - 990060 and GEGE-000340**
18

Case No. DGC # 07-00029-01

OAH No. _____

ACCUSATION

19 Robert E. Lytle, Jr., Complainant herein, alleges as follows:

20 **PARTIES**

21 1. Robert E. Lytle, Jr. (Complainant) is the Director of the Division of Gambling
22 Control (Division)^{1/} within the California Department of Justice and as such brings this
23 Accusation solely in his official capacity. This Accusation is brought against Lewis & Lewis,
24 Inc., Natalie Lewis and David Lewis, and the Cameo Club (Respondents).
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28 1. The Division of Gambling Control is now the Bureau of Gambling Control. (Gov. Code
§ 15002.5 as enacted by SB 82.) However, as a convention herein it will be referred to as the
Division.

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The division shall have all of the following responsibilities:

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(e) To initiate, where appropriate, disciplinary actions as provided in this chapter. In connection with any disciplinary action, the division may seek restriction, limitation, suspension, or revocation of any license or approval, or the imposition of any fine upon any person licensed or approved.

b. Code section 19824, in relevant part, states:

The commission shall have all powers necessary and proper to enable it fully and effectually to carry out the policies and purposes of this chapter, including, without limitation, the power to do all of the following:

* * * *

(b) For any cause deemed reasonable by the commission, deny any application for a license, permit, or approval provided for in this chapter or regulations adopted pursuant tot his chapter, limit, condition, or restrict any license, permit, or approval, or impose any fine upon any person licensed or approved.

* * * *

(e) Take actions deemed to be reasonable to ensure that gambling activities take place only in suitable locations.

STATUTORY PROVISIONS

The applicable statutory provisions include, but are not limited to, the following:

8. Code Section 19850 provides:

Every person who, either as owner, lessee, or employee, whether for hire or not, either solely or in conjunction with others, deals, operates, carries on, conducts, maintains, or exposes for play any controlled game in this state, or who receives, directly or indirectly, any compensation or reward, or any percentage or share of the money or property played, for keeping, running, or carrying on any controlled game in this state, shall apply for and obtain from the commission, and shall thereafter maintain, a valid state gambling license, key employee license or work permit, as specified in this chapter. In any criminal prosecution for violation of this section, the punishment shall be as provided in Section 337j of the Penal Code.

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9. Code Section 19875 provides:

An owner's gambling license shall be posted in a conspicuous place in the area where gambling is conducted in the establishment for which the license is issued until it is replaced by a succeeding license.

10. Code Section 19922 provides:

No owner licensee shall operate a gambling enterprise in violation of any provision of this chapter or any regulation adopted pursuant to this chapter.

11. Code Section 19805, subdivision (w) provides:

"Licensed gambling establishment" means the gambling premises encompassed by a state gambling license.

12. Code section 19855 provides in pertinent part that:

Except as otherwise provided by statute or regulation, every person who, by statute or regulation, is required to hold a state license shall obtain the license prior to engaging in the activity or occupying the position with respect to which the license is required.

VIOLATIONS

FIRST CAUSE

13. Respondent, for approximately 45 days failed to obtain and maintain in a timely fashion, and before beginning operations, an Owner's Gambling License for gambling operations at 552 West Benjamin Holt Drive, Stockton, California.

SECOND CAUSE

14. Respondent, for approximately 45 days failed to post in a conspicuous place, an Owner's Gambling License with the correct address while operating a gambling establishment at 552 West Benjamin Holt Drive, Stockton, California.

THIRD CAUSE

15. Respondents, for approximately 45 days operated a gambling establishment at 552 West Benjamin Holt Drive, Stockton, California, without a valid gambling license.

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1 **PRAYER**

2 WHEREFORE, Complainant requests that a hearing be held on the matters herein
3 alleged, and that following the hearing, the Commission issue a decision:

4 1. Finding that the Respondents were in violation of the provision of the Gambling
5 Control Act, as summarized above, for each day that they operated a gambling establishment at
6 552 West Benjamin Holt Drive, Stockton, California without a valid gambling license for that
7 address;

8 2. Suspending the Respondents State Gambling License Number GEGE 000340 for
9 at least seven (7) days for each day of each violation cited above;

10 3. Requiring the Respondents to pay an appropriate fine in lieu of suspension for
11 each violation cited above;

12 4. Requiring the Respondents to pay all the investigative and related costs of the
13 Division with respect to this Accusation; and

14 5. Taking such and further action as the Commission deems necessary and proper.

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16 Dated: September 27 2007



17 ROBERT E. LYTLE, JR., Director
18 Division of Gambling Control
19 California Department of Justice

20 Complainant
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11 and DAVID LEWIS, and the CAMEO CLUB

12 **BEFORE THE**
13 **CALIFORNIA GAMBLING CONTROL COMMISSION**

14 In the Matter of Accusation Against:

15 LEWIS & LEWIS, INC., NATALIE LEWIS
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17 License Numbers – 990060 and GEGE-000340

CASE NUMBER: DGC # 07-00029-01

OAH No. _____

NOTICE OF DEFENSE

[Gov. Code, §§1505 and 11506]

18 I, the undersigned counsel for Respondents Lewis & Lewis, Inc., Natalie Lewis and David
19 Lewis, and the Cameo Club in the above-entitled proceeding, hereby acknowledged receipt of a copy
20 of the Accusation; Statement to Respondent; Government Code sections 11507.5, 11507.6 and
21 11507.7; Complainant's Request for Discovery; and two (2) copies of a Notice of Defense. I also
22 hereby request a hearing to permit the respondent to present a defense to the causes of denial
23 contained in the Accusation.

24 Further, Respondents object to the accusation on the ground that it does not state acts or
25 omissions upon which the agency may proceed as at all times mentioned herein, Respondent was
26 properly licensed, and had filed a timely application for change of address, which application was
27 delayed by the analyst who was in charge of processing by going on vacation for two (2) weeks.
28 Respondent, through its designated agent, was told the application review was timely sent to the
Commission and the license would be issued. Based upon this statement, the Respondent moved the

1 operation as he had to do as the prior location was being demolished. Approximately four (4) weeks
2 later, the license was issued and made retroactive to February 1, 2007, a date prior to the time
3 Respondent began operations at the new premises.

4 As a further and separate affirmative defense, the Respondent alleges that the Division of
5 Gambling Control by and through its agents and employees unduly delayed the application process
6 to the extent that the delay that the Complainant now alleges was in violation of the act was caused
7 by the Department itself. Yet, the Department represented to the Respondent that the application
8 process was moving along and that the Commission would approve the application on which the
9 Respondent relied.

10 As a further and separate affirmative defense, the Respondent alleges that Special Agent
11 Supervisor (SAS) Nakabayashi while conducting a site visit to the Cameo Club on February 16,
12 2007, was aware that the Respondent was operating under the license for the premises at 5757
13 Pacific Avenue, #7, Stockton, California, which had always been the previous location and for which
14 a license was renewed up to and including January 31, 2008. On or about February 16, 2007, SAS
15 Nakabayashi failed to notify the Respondent or the Respondent's designated agent that this was any
16 violation of the Business and Professions Code or specifically a violation which would be contrary
17 to the rules and regulations of the Division. It wasn't until on or about March 8, 2007, that the
18 Division sent a Notice of Violation which was raised for the first time regarding having the proper
19 address on the license. At that time, a response was made explaining the problems with the analyst
20 going on vacation causing the delay, and the assurances from the Department that the report was
21 completed and that the license would be issued. The new license was issued and the license was
22 issued made retroactive to February 1, 2007 (License Number GEG-000340).

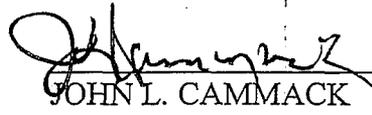
23 WHEREFORE, the Respondent requests that a hearing be held on the matters herein alleged
24 and answered and that the Commission recognize that there was no intentionally violation of statute,
25 and arguably no violation of statute given that the delays in processing were due to the Department
26 and that the Respondent at all times believed in good faith that he was operating with a valid
27 gambling license for the location and that the license itself shows that the Commission issued the

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1 license effective before that date of moving to the new location, which purports with the information
2 that was given by the Department to the Respondent and it's agents.

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Dated: 10-30-07



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The Cameo Club

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