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

11
12 **In the Matter of the Accusation Against:**

DGC # SA04-00090-01

13 **POINT-WALKER, INC., LUCKY DERBY
CASINO**

OAH No. _____

14 **7433 C Greenback Lane
Citrus Heights, California 95610**

ACCUSATION

15
16 **KERMIT SCHAYLTZ, Shareholder
LEO CHU, Shareholder**

17 **Owner's License Number GEGE-000407**

18 **Respondents**
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21 Complainant, Robert F. Lytle, Jr., brings this Accusation before the California Gambling
22 Control Commission ("Commission") and against the Respondents identified herein solely in his
23 official capacity as the Director of the California Department of Justice, Division of Gambling
24 Control ("Division"), and alleges as follows:

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JURISDICTION

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2 1. This Accusation is brought before the Commission pursuant to the following Business
3 and Professions Code sections restated in paragraphs 2 to 6 below.

4 2. Business and Professions Code section 19823 provides as follows:

5 (a) The responsibilities of the commission include, without limitation,
6 all of the following:

7 (1) Assuring that licenses, approvals, and permits are not
8 issued to, or held by, unqualified or disqualified persons, or by
9 persons whose operations are conducted in a manner that is
10 inimical to the public health, safety, or welfare.

11 (2) Assuring that there is no material involvement, directly or
12 indirectly, with a licensed gambling operation, or the ownership or
13 management thereof, by unqualified or disqualified persons, or by
14 persons whose operations are conducted in a manner that is
15 inimical to the public health, safety, or welfare.

16 3. Business and Professions Code section 19824 provides as follows:

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

20 * * *

21 (d) Take actions deemed to be reasonable to ensure that no ineligible,
22 unqualified, disqualified, or unsuitable persons are associated with controlled
23 gambling activities.

24 4. Business and Professions Code, section 19825, provides as follows:

25 The commission may require that any matter that the commission is
26 authorized or required to consider in a hearing or meeting of an adjudicative
27 nature regarding the denial . . . of a license . . . , be heard and determined in
28 accordance with Chapter 5 (commencing with section 11500) of Part I or
Division 3 of Title 2 of the Government Code.

5. Business and Professions Code section 19826 provides as follows:

The division shall have all of the following responsibilities:

* * *

(b) To monitor the conduct of all licensees and other persons having a
material involvement, directly or indirectly, with a gambling operation or its
holding company, for the purpose of ensuring that licenses are not issued or
held by, and that there is no direct or indirect material involvement with, a
gambling operation or holding company by ineligible, unqualified,
disqualified, or unsuitable persons, or persons whose operations are
conducted in a manner that is inimical to the public health, safety or welfare.

1 (c) To investigate suspected violations of this chapter or laws of this
2 state relating to gambling, including any activity prohibited by Chapter 9
3 (commencing with Section 319) or Chapter 10 (commencing with Section
4 330) of Title 9 of Part 1 of the Penal Code.

5 (d) To investigate complaints that are lodged against licenses, or other
6 persons associated with a gambling operation; by members of the public.

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

12 6. Business and Professions Code, section 19930, provides, in relevant part, as follows:

13 (b) If, after any investigation, the division is satisfied that a license, permit,
14 finding of suitability, or approval should be suspended or revoked, it shall file an
15 accusation with the commission in accordance with Chapter 5 (commencing with
16 Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

17 (c) In addition to any action that the commission may take against a license,
18 permit, finding of suitability, or approval, the commission may also require the
19 payment of fines or penalties. However, no fine imposed shall exceed twenty thousand
20 dollars (\$20,000) for each separate violation of any provision of this chapter or any
21 regulation adopted thereunder.

22 (d) In any case in which the administrative law judge recommends that the
23 commission revoke, suspend, or deny a license, the administrative law judge may,
24 upon presentation of suitable proof, order the licensee or applicant for a license to pay
25 the division the reasonable costs of the investigation and prosecution of the case.

26 (1) The costs assessed pursuant to this subdivision shall be fixed by the
27 administrative law judge and may not be increased by the commission. When
28 the commission does not adopt a proposed decision and remands the case to
the administrative law judge, the administrative law judge may not increase
the amount of any costs assessed in the proposed decision.

(2) The division may enforce the order for payment in the superior court
in the county in which the administrative hearing was held. The right of
enforcement shall be in addition to any other rights that the division may
have as to any licensee directed to pay costs.

(3) In any judicial action for the recovery of costs, proof of the
commission's decision shall be conclusive proof of the validity of the order
of payment and the terms for payment.

(e) Notwithstanding any other provision of law, all costs recovered under this
section shall be deposited in the fines and penalties account, a special account
described in subdivision (a) of Section 19950.

1 (f) For purposes of this section, "costs" include costs incurred for any of the
2 following:

3 (1) The investigation of the case by the division.

4 (2) The preparation and prosecution of the case by the Office of the
5 Attorney General.

6 RESPONDENTS

7 7. Respondent Point-Walker Inc., Lucky Derby Casino, is a gambling enterprise and the
8 holder of an Owner's Gambling License No. GECE-000407, currently in full force and effect,
9 authorizing it to own and operate a gambling establishment at licensed premises located at 7433C
10 Greenback Lane, Citrus Heights, California, 95610.

11 8. Respondent Kermit Shayltz is a shareholder of Respondent Point-Walker Inc., Lucky
12 Derby Casino, and is as such licensed in conjunction with Point-Walker Inc., Lucky Derby
13 Casino, under Owner's Gambling License No. GECE-000407.

14 9. Respondent Leo Chu is a shareholder of Respondent Point-Walker Inc., Lucky Derby
15 Casino, and is as such licensed in conjunction with Point-Walker Inc., Lucky Derby Casino,
16 under Owner's Gambling License No. GECE-000407.

17 SUMMARY OF CAUSES FOR DISCIPLINARY ACTION

18 10. During the period from approximately October, 2003, through July, 2004, Respondents
19 and each of them, in furtherance of a plan to acquire an ownership interest in and operational
20 control over a gambling enterprise and gambling establishment licensed as the Cardroom
21 ("Cardroom") located at 2785 Don Juan Drive in Rancho Cordova, California, engaged in a
22 course of conduct constituting operation of a gambling enterprise and gambling establishment in
23 the absence of a license to do so under the Gambling Control Act and the ordinances of the City
24 of Rancho Cordova. The unlicensed operation of the Cardroom was carried out by respondents,
25 and each of them, and by persons employed by them for the purpose of such operation.

26 11. Juan Guzman's acquiescence in this conduct, as owner of the Cardroom, is the subject
27 of a separately-filed accusation in Division of Gambling Control Case No. 04-00090-01.
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1 12. In the course of Respondents' unlicensed operation of the Cardroom, Respondent Chu
2 made available funds, in loans and cash payments, for the purpose of financing the operation in
3 the amount of approximately \$300,000.

4 13. In the course of Respondents' unlicensed operation of the Cardroom, Respondent
5 Schayltz, acting on behalf and for the benefit of all Respondents, personally and through persons
6 employed by Respondents for the purpose, assumed from Juan Guzman, the licensed owner of
7 the Cardroom, the control and responsibility of the day-to-day operation of the licensed premises
8 of that gambling enterprise, such that Respondents, and not Guzman, were in fact operating the
9 Cardroom as a gambling establishment, without being licensed to do so, as is required by the
10 Gambling Control Act and the ordinances of the City of Rancho Cordova.

11 14. During the course of Respondents' operation of the Cardroom, Respondent Schayltz
12 conducted himself as a Key Employee of the Cardroom without being licensed as such, as is
13 required by the Gambling Control Act. Further, Respondent Schayltz caused to be employed at
14 the Cardroom other persons who also conducted themselves as Key Employees, without being
15 licensed as such, as is required by the Gambling Control Act.

16 15. During the course of Respondents' unlicensed operation of the Cardroom, Respondents
17 through their employees and agents on the licensed premises additionally violated state statutes,
18 regulations adopted pursuant to the Gambling Control Act, and ordinances of the City of Rancho
19 Cordova by variously operating banking card games, failing to display wagering limits and table
20 fees, extending credit to patrons for their participation in card games, acting in the capacity of a
21 Key Employee of the Cardroom without holding a Key Employee license, employing other
22 persons at the Cardroom as Key Employees when they were not licensed as such, and employing,
23 in other capacities, persons who were required to be, but were not, holders of Employee Permits
24 from the City of Rancho Cordova.

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1 **STATUTORY PROVISIONS APPLICABLE TO RESPONDENTS**

2 16. At all times relevant hereto, Business and Professions Code section 19850 provided as
3 follows:

4 Every person who, either as owner, lessee, or employee, whether
5 for hire or not, either solely or in conjunction with others, deals,
6 operates, carries on, conducts, maintains, or exposes for play any
7 controlled game in this state, or who receives, directly or indirectly, any
8 compensation or reward, or any percentage or share of the money or
9 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.

10 17. At all times relevant hereto, Business and Professions Code section 19851, provides as
11 follows:

12 (a) The owner of a gambling enterprise shall apply for and obtain a state
13 gambling license.

14 (b) Other persons who also obtain a state gambling license, or key
15 employee license, as required by this chapter, shall not receive a separate
license certificate, but the license of every such person shall be endorsed on
the license that is issued to the owner of the gambling enterprise.

16 18. At all times relevant hereto, Business and Professions Code section 19854, provides as
17 follows:

18 (a) Every key employee shall apply for and obtain a key employee
19 license.

20 (b) Licenses issued to key employees shall be for specified positions
only, and those positions shall be enumerated in the endorsement described
21 in subdivision (b) of Section 19851.

22 (c) No person may be issued a key employee license unless the person
would qualify for a state gambling license.

23 19. At all times relevant hereto, Business and Professions Code section 19855 provided, in
24 relevant part, as follows:

25 Except as otherwise provided by statute or regulation, every person
26 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
27 respect to which the license is required. Every person who, by order of the
commission, is required to apply for a gambling license or a finding of
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1 suitability shall file the application within 30 calendar days after receipt of
2 the order.

3 20. At all times relevant hereto, Business and Professions Code section 19912 provided as
4 follows:

5 (a)(1) A person shall not be employed as a gambling enterprise employee, or
6 serve as an independent agent, except as provided in paragraph (2), unless he or
she is the holder of one of the following:

7 (A) A valid work permit issued in accordance with the applicable
8 ordinance or regulations of the county, city, or city and county in which
his or her duties are performed.

9 (B) A work permit issued by the commission pursuant to regulations
10 adopted by the commission for the issuance and renewal of work
permits. A work permit issued by the commission shall be valid for two
11 years.

12 21. At all times relevant hereto, Business and Professions Code section 19922 provided as
13 follows:

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

16 22. At all times relevant hereto, Business and Professions Code section 19923 provides as
17 follows:

18 No owner licensee shall operate a gambling enterprise in violation of
19 any governing local ordinance.

20 **FIRST CAUSE FOR DISCIPLINE**
21 **(All Respondents)**

22 23. Complainant hereby incorporates the allegations contained in paragraphs 1 through 22,
23 inclusive, as though here set forth at length.

24 24. Respondents and each of them are subject to disciplinary action pursuant to Business
25 and Professions Code sections 19823, subd. (a), 19824, subd. (d), 19826, subd. (e), and 19930,
26 subd. (b), for violation of Business and Professions Code section 19922, in that during the period
27 from October, 2003, through July, 2004, respondents violated Business and Professions Code

1 section 19850 by operating and managing a gambling enterprise and gambling establishment
2 known as the Don Juan Club and Casino, located at 2873 Don Juan Avenue, Rancho Cordova,
3 California, which Respondents were not licensed to operate or manage, and which was owned
4 and had been operated and managed by Juan Guzman, a licensee under the Gambling Control
5 Act. Respondents by their actions during this period violated Business and Professions Code
6 section 19850 by dealing, operating, carrying on, conducting, maintaining and exposing for play
7 controlled games at the Cardroom, and by receiving compensation for the same, without having
8 applied for or obtained from the Commission, and without maintaining, a valid state gambling
9 license for that purpose. The circumstances are as follows:

10 A. On or about October 23, 2003, Respondents Schayltz and Chu, acting in
11 concert, entered into an agreement with Juan Guzman, the licensed owner of a
12 gambling enterprise and gambling establishment know as the Cardroom, for the
13 purchase of a 50-percent ownership interest in that gambling establishment, which was
14 to be owned and operated through a corporation to be formed by Respondents Chu and
15 Schayltz with Guzman, to be known as "Casino Asia, Inc." Casino Asia, Inc., was
16 incorporated on or about December 16, 2003.

17 B. Through Casino Asia, Inc., and otherwise, Respondents and Respondents'
18 employees caused to be made improvements to the Cardroom, including new carpeting
19 and tile, paint work, card tables, and an enhanced security and surveillance system,
20 having a value in excess of \$300,000. These improvements were funded by
21 Respondents through loans and cash payments made by Respondent Leo Chu to Juan
22 Guzman, the holder of the Owner's License for the Cardroom.

23 C. From and after January, 2004, through Casino Asia and otherwise, Respondents
24 operated the Cardroom through actions which included, without limitation, the following:

25 i. Commencing in or about January, 2004, Respondents involved persons
26 employed by them, in the day to day operation of the Cardroom. The total number of
27 employees involved by Respondents in the operation of the licensed premises varied
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1 between six and eight over time. One such employee was Leslie Boyer, who was a
2 Key Employee of Respondent Point-Walker, Inc., Lucky Derby Casino, but was not a
3 Key Employee of Cardroom. Respondents made Boyer principally responsible for the
4 business affairs of the gambling enterprise, gambling establishment and licensed
5 premises of Cardroom.

6 ii. Commencing in or about January, 2004, Respondents as a practical matter
7 excluded Juan Guzman, the licensed owner of Cardroom, from the day-to-day
8 operation of the licensed premises and the gambling enterprise generally, and required
9 him to relinquish responsibility therefor to the Respondents' employees. By way of
10 example, and without limitation:

11 a. Respondents and their employees caused the locks to the cage and office
12 of the Cardroom to be changed, and thereafter did not afford Juan Guzman, the
13 licensed owner of that gambling establishment, access to those areas of the
14 licensed premises.

15 b. Respondents and their employees assumed and retained control of the
16 business accounts of the Cardroom from which payroll, business expenses and
17 upkeep of the licensed premises were paid, and required Guzman to sign checks
18 on that account at their direction after the amounts of the checks had been filled in
19 by Respondent's employees.

20 c. Respondents and their employees, commencing in or about April or May
21 of 2004, ceased directing Guzman to sign checks for the payroll, business
22 expenses and upkeep of the Cardroom, and instead assumed direct responsibility
23 for the making of such payments themselves.

24 d. Respondents also instructed Guzman to submit a request to the Division
25 of Gambling Control to increase the number of authorized tables at the Cardroom.

26 e. Respondents, through the personal attorney of Respondent Schayltz, and
27 without Guzman's agreement, negotiated new lease terms for the licensed
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premises with Guzman's landlord, by offering as an inducement the payment of six months rent in advance.

f. For the rental periods of June and July, 2004, Respondents paid the rent for the Cardroom without involvement by Guzman.

g. Respondents and their employees maintained the business records of the Cardroom on a computer owned by Respondent Schayltz and one or more other persons, without providing Guzman access to such records.

SECOND CAUSE FOR DISCIPLINE
(All Respondents)

25. Complainant hereby incorporates the allegations contained in paragraphs 1 through 22, and paragraph 24, inclusive, as though here set forth at length.

26. Business and Professions Code section 19805, subdivision (t), defines "Key Employee" as follows:

"Key employee" means any natural person employed in the operation of a gambling enterprise in a supervisory capacity or empowered to make discretionary decisions that regulate gambling operations, including, without limitation, pit bosses, shift bosses, credit executives, cashier operations supervisors, gambling operation managers and assistant managers, managers or supervisors of security employees, or any other natural person designated as a key employee by the division for reasons consistent with the policies of this chapter.

27. Business and Professions Code section 19805, subdivision (u), defines "Key Employee License" as follows:

"Key employee license" means a state license authorizing the holder to be associated with a gambling enterprise as a key employee.

28. Business and Professions Code section 19854, subdivision (a) requires that every Key Employee apply for and obtain a Key Employee License, and subdivision (b) provides that licenses issued to Key Employees shall be for specified positions only, and that those positions shall be enumerated in an endorsement to the license of the owner of the gambling enterprise.

1 29. Respondents and each of them are subject to disciplinary action pursuant to Business
2 and Professions Code sections 19823, subd. (a), 19824, subd. (d), 19826, subd. (e), and 19930,
3 subd. (b), for violation of Business and Professions Code section 19922, in that Respondent
4 Schayltz, by reason of his actions as above set forth, was employed in the operation of the
5 Cardroom in a supervisory capacity and was otherwise empowered to make discretionary
6 decisions regulating gambling operations therein and was thus a Key Employee of that gambling
7 enterprise within the meaning of Business and Professions Code section 19805, subd. (t), and
8 was accordingly required by that section and subdivision to be licensed as a Key Employee
9 associated with that gambling enterprise, but was not at any time here relevant so licensed.

10 **THIRD CAUSE FOR DISCIPLINE**
11 **(All Respondents)**

12 30. Complainant hereby incorporates the allegations contained in paragraphs 1 through 22,
13 and paragraph 24, inclusive, as though here set forth at length.

14 31. Pursuant to Business and Professions Code section 19805, subdivision (t), the following
15 employees of Respondents, employed at the Cardroom, were required by Business and
16 Professions Code section 19854, subd. (a), to be licensed as Key Employees of the Cardroom,
17 and were not at any time here relevant so licensed.

18 Donald Shane

19 Leslie Boyer

20 Roderick Thor

21 32. Respondents and each of them are subject to disciplinary action pursuant to Business
22 and Professions Code sections 19823, subd. (a), 19824, subd. (d), 19826, subd. (e), and 19930,
23 subd. (b), for violation of Business and Professions Code section 19922, in that the above-named
24 persons were employed by Respondents at the Cardroom in a supervisory capacity or were
25 otherwise empowered to make discretionary decisions that regulate gambling operations, either
26 as pit bosses, shift bosses, credit executives, cashier operations supervisors, gambling operation
27 managers or assistant managers, managers or supervisors of security employees, or otherwise,

1 and were thus Key Employees of the Cardroom, but were not at any time here relevant licensed
2 as Key Employees associated with the Cardroom in violation of Business and Professions Code
3 section 19854, subdivision (a).

4 **FOURTH CAUSE FOR DISCIPLINE**
5 **(All Respondents)**

6 33. Complainant hereby incorporates the allegations contained in paragraphs 1 through 22,
7 and paragraph 24, inclusive, as though here set forth at length.

8 34. At all times relevant from and after May 6, 2004, the Cardroom was a cardroom within
9 the meaning of Chapter 4.22 of the City of Rancho Cordova Municipal Code.

10 35. At all times relevant from and after May 6, 2004, City of Rancho Cordova Municipal
11 Code, Chapter 4.22, section 4.22.005 provided as follows:

12 No person shall operate or conduct a cardroom in the City unless under
13 and by authority of a valid, unexpired and unrevoked Special Business
License authorizing a Cardroom issued pursuant to this Chapter.

14 36. Respondents and each of them are subject to disciplinary action pursuant to Business
15 and Professions Code sections 19823, subd. (a), 19824, subd. (d), 19826, subd. (e), and 19930,
16 subd. (b), for violation of Business and Professions Code section 19923, in that at no time have
17 Respondents, or any of them, held a Special Business License from the City of Rancho Cordova
18 authorizing them, or any of them, to operate a cardroom pursuant to City of Rancho Cordova
19 Municipal Code, Chapter 4.22; and in that by virtue of the actions of Respondents as set forth
20 hereinabove, Respondents violated City of Rancho Cordova Municipal Code, Chapter 4.22,
21 section 4.22.005.

22 **FIFTH CAUSE FOR DISCIPLINE**
23 **(All Respondents)**

24 37. Complainant hereby incorporates the allegations contained in paragraphs 1 through 22,
25 and paragraph 24, inclusive, as though here set forth at length.

26 38. At all times relevant from and after May 6, 2004, City of Rancho Cordova Municipal
27 Code, Chapter 4.22, section 4.22.030 provided as follows:

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No person shall work in a Cardroom as a manager, employee or independent agent and no person who holds a Special Business License authorizing operation of a Cardroom shall employ any person as a cardroom manager, employee or independent agent unless such person possesses a valid Employee Permit.

39. During the period of their employment by respondent at the Cardroom, the following persons were employed as cardroom managers and employees within the meaning of City of Rancho Cordova Municipal Code, Chapter 4.22, section 4.22.030, without those persons holding or having applied for an Employee Permit from the City of Rancho Cordova valid for employment at the Cardroom, as required by section 4.22.030.

- Kermit Schayltz, Respondent herein;
- Donald Shane;
- Yuen F. Tsang;
- Meng Yang;
- Leslie Boyer;
- Roderick Thor; and
- Karen Henderschott

40. Respondents and each of them are subject to disciplinary action pursuant to Business and Professions Code sections 19823, subd. (a), 19824, subd. (d), 19826, subd. (e), and 19930, subd. (b), for violation of Business and Professions Code section 19923, in that by virtue of their employment of the above-named persons in the course of their unlicensed operation of the Cardroom, without those persons holding a valid Employee Permit from the City of Rancho Cordova, Respondents violated City of Rancho Cordova Municipal Code, Chapter 4.22, section 4.22.030.

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1 **SIXTH CAUSE FOR DISCIPLINE**
2 **(All Respondents)**

3 41. Complainant hereby incorporates the allegations contained in paragraphs 1 through 22,
4 inclusive, as though here set forth at length.

5 42. At all times relevant from and after May 6, 2004, City of Rancho Cordova Municipal
6 Code, Chapter 4.22, section 4.22.105 provided, in relevant part, as follows:

7 The wagering limits for each table shall be clearly displayed at that table
8 so that those who are playing at that table may be aware of the wagering
9 limit. Notice of all the provisions and restrictions provided in this section
shall be posted in a conspicuous place in the cardroom.

10 43. Respondents and each of them are subject to disciplinary action pursuant to Business
11 and Professions Code sections 19823, subd. (a), 19824, subd. (d), 19826, subd. (e), and 19930,
12 subd. (b), for violation of Business and Professions Code section 19923, in that Respondents,
13 during the period of their unlicensed operation of the Cardroom, and more particularly on or
14 about June 29, 2004, failed to display the wagering limits for each table at that table, and thereby
15 violated City of Rancho Cordova Municipal Code, Chapter 4.22, section 4.22.105.

16 **SEVENTH CAUSE FOR DISCIPLINE**
17 **(All Respondents)**

18 44. Complainant hereby incorporates the allegations contained in paragraphs 1 through 22,
19 inclusive, as though here set forth at length.

20 45. At all times relevant from and after May 6, 2004, City of Rancho Cordova Municipal
21 Code, Chapter 4.22, section 4.22.115 provided, in relevant part, as follows:

22 No Cardroom shall extend credit to any patron in order for the
23 patron to participate in a card game.

24 46. Respondents and each of them are subject to disciplinary action pursuant to Business
25 and Professions Code sections 19823, subd. (a), 19824, subd. (d), 19826, subd. (e), and 19930,
26 subd. (b), for violation of Business and Professions Code section 19923, in that Respondents,
27 during the period of their unlicensed operation of the Cardroom, and more particularly on or
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1 about June 29, 2004, extended credit to one Sylvia Hartog, a patron of the Cardroom, for the
2 purpose of that patron's participation in a card game being conducted in that gambling
3 establishment, and thereby violated City of Rancho Cordova Municipal Code, Chapter 4.22,
4 section 4.22.115.

5 **EIGHTH CAUSE FOR DISCIPLINE**
6 **(All Respondents)**

7 47. Complainant hereby incorporates the allegations contained in paragraphs 1 through 22,
8 inclusive, as though here set forth at length.

9 48. At all times relevant hereto, Section 2070 of Title 11 of the California Code of
10 Regulations was a regulation adopted pursuant to the Gambling Control Act and provided as
11 follows:

12 It shall be an unsuitable method of operation for a gambling establishment to:

13 (a) Offer for play any game that is prohibited or made unlawful by any statute, local
14 ordinance, regulation, or final judgment by a competent court of law.

15 * * *

16 (d) Fail to give ample notice of the fee collection rates applicable to each table to the
17 patrons of the gambling establishment.

18 49. Penal Code section 330 provides in relevant part as follows:

19 Every person who deals, plays, or carries on, opens, or causes to be opened,
20 or who conducts, either as owner or employee, whether for hire or not, ... any
21 banking or percentage game played with cards, dice, or any device, for money,
22 checks, credit, or other representative of value, ... is guilty of a misdemeanor, and
23 shall be punishable by a fine not less than one hundred dollars(\$100) nor more
24 than one thousand dollars (\$1,000), or by imprisonment in the county jail not
25 exceeding six months, or by both the fine and imprisonment.

26 50. Respondents and each of them are subject to disciplinary action pursuant to Business
27 and Professions Code sections 19823, subd. (a), 19824, subd. (d), 19826, subd. (e), and 19930,
28 subd. (b), for violation of Business and Professions Code section 19922, in conjunction with 11
CCR section 2070, subdivision (a), in that, in the course of their unlicensed operation of the
Cardroom, and more particularly on or about June 29, 2004, respondents permitted one or more
of the persons there employed to participate as a player in a controlled game at the Cardroom

1 using money, checks or credit of the Cardroom as wagers made by that person or persons in the
2 controlled game, by virtue whereof the Respondents dealt, played, carried on, opened and
3 conducted a banking game in violation of Penal Code section 330.

4 **NINTH CAUSE FOR DISCIPLINE**
5 **(All Respondents)**

6 51. Complainant hereby incorporates the allegations contained in paragraphs 1 through 22,
7 inclusive, as though here set forth at length.

8 52. Respondents and each of them are subject to disciplinary action pursuant to Business
9 and Professions Code sections 19823, subd. (a), 19824, subd. (d), 19826, subd. (e), and 19930,
10 subd. (b), for violation of Business and Professions Code section 19922, in conjunction with 11
11 CCR section 2070, subdivision (d), in that, in the course of their unlicensed operation of the
12 Cardroom, and more particularly on or about June 29, 2004, respondents failed to post within the
13 licensed premises of the Cardroom the fee collection rates applicable to any table at which a
14 controlled game was played, and thereby failed to give ample notice of the fee collection rates
15 applicable to each table to the patrons of the gambling establishment.

16 **TENTH CAUSE FOR DISCIPLINE**
17 **(Respondent SCHAYLTZ)**

18 53. Complainant hereby incorporates the allegations contained in paragraphs 1 through 22,
19 and paragraph 24, inclusive, as though here set forth at length.

20 54. Respondent Schayltz is subject to disciplinary action pursuant to Business and
21 Professions Code sections 19823, subd. (a), 19824, subd. (d), 19826, subd. (e), and 19930, subd.
22 (b), for violation of Business and Professions Code section 19922, in that by reason of the
23 matters alleged herein Respondent Schayltz violated Business and Professions Code section
24 19850 by dealing, operating, carrying on, conducting, maintaining and exposing for play
25 controlled games at the Cardroom, and by receiving compensation for the same, without having
26 applied for or obtained from the commission, and without maintaining, a valid Key Employee
27 License for that purpose as required by section 19850.

ELEVENTH CAUSE FOR DISCIPLINE
(Respondent Schayltz)

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3 55. Complainant hereby incorporates the allegations contained in paragraphs 1 through 22,
4 and paragraph 24, inclusive, as though here set forth at length.

5 56. Respondent Schayltz is subject to disciplinary action pursuant to Business and
6 Professions Code sections 19823, subd. (a), 19824, subd. (d), 19826, subd. (e), and 19930, subd.
7 (b), for violation of Business and Professions Code section 19923, in that by virtue of the matters
8 alleged herein, Respondent Schayltz worked in the Cardroom as a cardroom manager and
9 employee, within the meaning of City of Rancho Cordova Municipal Code, Chapter 4.22, section
10 4.22.030, without holding or having applied for an Employee Permit from the City of Rancho
11 Cordova, and by so doing violated section 4.22.030.

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1 **PRAYER**

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

4 a. Revoking or suspending the Owner's License of Point-Walker Inc., Lucky Derby Casino,
5 and imposing a fine on Point-Walker Inc., Lucky Derby Casino, in the amount of \$20,000 upon
6 each violation found to constitute cause for disciplinary action against that Respondent.;

7 b. Revoking or suspending the Owner's License of Kermit Schayltz, as shareholder of
8 Respondent Point-Walker Inc., Lucky Derby Casino, and imposing a fine on Kermit Schayltz in
9 the amount of \$20,000 upon each violation found to constitute cause for disciplinary action
10 against that Respondent;

11 c. Revoking or suspending the Owner's License of Leo Chu, as shareholder of Respondent
12 Point-Walker Inc., Lucky Derby Casino, and imposing a fine on Respondent Leo Chu in the
13 amount of \$20,000 upon each violation found to constitute cause for disciplinary action against
14 that Respondent;

15 d. Awarding Complainant, pursuant to Business and Professions Code section 19930, the
16 costs of investigation and costs of bringing this Accusation before the Commission, in an amount
17 according to proof; and

18 e. Taking such other and further action as may be appropriate.

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20 Dated: November 20, 2006


21 ROBERT E. LYTLE, JR., Director
22 Division of Gambling Control
23 California Department of Justice

24 Complainant
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