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8  
9 **BEFORE THE**  
10 **CALIFORNIA GAMBLING CONTROL COMMISSION**  
11 **STATE OF CALIFORNIA**  
12  
13

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

15 **EL DORADO ENTERPRISES, INC. dba**  
16 **HUSTLER CASINO,**  
17 **LARRY FLYNT REVOCABLE TRUST**  
18 **LARRY FLYNT TRUSTEE, TRUSTOR**  
**and BENEFICIARY,**  
**sole shareholder.**

**BGC Case No. HQ2010-0001AC**

**OAH No.**

**ACCUSATION**

19 **1000 W. Redondo Beach Blvd.**  
20 **Gardena, CA 90247**

21 **LICENSE NUMBER GEGE-000518**  
22

23  
24 Complainant alleges as follows:

25 **PARTIES**

26 1. Martin Horan IV (Complainant) brings this Accusation solely in his official  
27 capacity as the Acting Chief of the California Department of Justice, Bureau of Gambling  
28 Control (Bureau).



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

4 6. Business and Professions Code section 19826 provides, in part:

5 The department<sup>[1]</sup> shall have all of the following responsibilities:

6 \* \* \*

7 (c) To investigate suspected violations of this chapter or laws of this  
8 state relating to gambling . . . .

9 \* \* \*

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

15 7. California Code of Regulations, title 4, section 12554 provides, in part:

16 (a) Upon the filing with the Commission of an accusation by the  
17 Bureau recommending revocation, suspension, or other discipline of a holder  
18 of a license, registration, permit, finding of suitability, or approval, the  
19 Commission shall proceed under Chapter 5 (commencing with section  
20 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

### 21 COST RECOVERY

22 8. Business and Professions Code, section 19930 provides, in part:

23 (b) If, after any investigation, the department is satisfied that a  
24 license, permit, finding of suitability, or approval should be suspended or  
25 revoked, it shall file an accusation with the commission in accordance with  
26 Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of title  
27 2 of the Government Code.

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

<sup>1</sup> "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd.  
(h).)

1 (d) In any case in which the administrative law judge recommends  
2 that the commission revoke, suspend, or deny a license, the administrative  
3 law judge may, upon presentation of suitable proof, order the licensee or  
4 applicant for a license to pay the department the reasonable costs of the  
5 investigation and prosecution of the case.

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

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

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

19 \* \* \*

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

22 (1) The investigation of the case by the department.

23 (2) The preparation and prosecution of the case by the Office of  
24 the Attorney General.

25 **SPECIFIC STATUTORY AND REGULATORY PROVISIONS**

26 9. Penal Code section 330 provides, in part:

27 Every person who deals, plays, or carries on, opens, or causes to be  
28 opened, or who conducts, either as owner or employee, whether for hire or  
not, any game of . . . twenty-one, . . . played with cards, . . . for money,  
checks, credit, or other representative of value, . . . is guilty of a  
misdemeanor . . . .

10. Business and Professions Code section 19920 provides:

It is the policy of the State of California to require that all  
establishments wherein controlled gambling is conducted in this state be

1 operated in a manner suitable to protect the public health, safety, and  
2 general welfare of the residents of the state. The responsibility for the  
3 employment and maintenance of suitable methods of operation rests with  
4 the owner licensee, and willful or persistent use or toleration of methods of  
operation deemed unsuitable by the commission or by local government  
shall constitute grounds for license revocation or other disciplinary action.

5 11. Business and Professions Code section 19922 provides:

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

8  
9 12. Business and Professions Code section 19923 provides:

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

12 13. California Code of Regulations, title 11, section 2070, subdivisions (a) and (b)  
13 provide:

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

16 (a) Offer for play any game that is prohibited or made  
17 unlawful by statute, local ordinance, regulation or final judgment  
by a competent court of law; [and]

18 (b) Offer for play any gaming activity which is not  
19 authorized by the Bureau pursuant to the [Gambling Control] Act  
and these regulations for play at that gambling establishment[.]

20  
21 14. Gardena Municipal Code section 5.24.430 provides, in part:

22 The only games permitted under this chapter shall be the game of  
23 draw poker, the game of panguingue, or any other game permitted under  
state law which is also permitted by resolution of the council.

24 15. Gardena Municipal Code section 5.24.460 provides:

25 All persons licensed pursuant to the provisions of this chapter shall be  
26 liable for all violations thereof, including all conditions, rules and  
27 regulations issued pursuant thereto, including any violations committed by  
28 agents or employees of such licensee, whether or not such licensee had  
knowledge of the act of the agent or employee or participated in the act.



- 1           1.    Revoking or suspending California State Gambling License Number GEGE-
- 2   000518, issued to El Dorado Enterprises, Inc., doing business as Hustler Casino;
- 3           2.    Fining El Dorado Enterprises, Inc., doing business as Hustler Casino, in an amount
- 4   no less than \$180,000.00;
- 5           3.    Awarding Complainant the costs of investigation and costs of bringing this
- 6   Accusation before the Commission, pursuant to Business and Professions Code section 19930,
- 7   subdivisions (d) and (f), in a sum according to proof; and
- 8           4.    Taking such other and further action as the Commission may deem appropriate.

9  
10   Dated: October 12, 2011

  
MARTIN HORAN IV, Acting Chief  
Bureau of Gambling Control  
California Department of Justice