

1 KAMALA D. HARRIS  
Attorney General of California  
2 SARA J. DRAKE  
Senior Assistant Attorney General  
3 WILLIAM L. WILLIAMS, JR.  
Deputy Attorney General  
4 State Bar No. 99581  
1300 I Street, Suite 125  
5 P.O. Box 944255  
Sacramento, CA 94244-2550  
6 Telephone: (916) 324-3725  
7 Fax: (916) 327-2319  
E-mail: Bill.Williams@doj.ca.gov

8 *Attorneys for Complainant*

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

14  
15 In the Matter of the Accusation Against:

CGCC Case No. \_\_\_\_\_

16 ARTICHOKE JOE'S, a California Corporation  
17 dba ARTICHOKE JOE'S CASINO  
659 Huntington Avenue  
18 San Bruno, CA 94066

OAH No. \_\_\_\_\_

**ACCUSATION**

19 Gambling License No. GEGE-001007

20 Respondent.

21  
22 Complainant alleges:

23 **PARTIES**

24 1. Martin Horan, Jr. ("Complainant") brings this Accusation under the Gambling  
25 Control Act (Bus. & Prof. Code, § 19800, et seq., the "Act."), solely in his official capacity as the  
26 acting Chief of the Bureau of Gambling Control, California Department of Justice ("Bureau").

27 2. Artichoke Joe's ("Respondent" or "Artichoke Joe's"), as a corporate entity, owns the  
28 gambling establishment presently known and doing business as Artichoke Joe's Casino, located at

1 659 Huntington Avenue, San Bruno, California 94066. Respondent is the holder of Gambling  
2 License Number GEGE-001007 for the gambling enterprise, doing business as Artichoke Joe's  
3 Casino, issued by the California Gambling Control Commission ("Commission"). Pursuant to the  
4 Act, Respondent's gambling license was in full force and effect at all times relevant to the  
5 charges brought herein. The license will expire on June 30, 2012, unless renewed.

## 6 JURISDICTION

7 3. This Accusation is brought before the Commission pursuant to the following statutes.  
8 All section references are to the Business and Professions Code unless otherwise stated.

9 4. Section 19811 provides, in pertinent part:

10 (b) Jurisdiction, including jurisdiction over operation and  
11 concentration, and supervision over gambling establishments in this state  
12 and over all persons or things having to do with the operations of  
13 gambling establishments is vested in the commission.

14 5. Section 19823 provides as follows:

15 (a) The responsibilities of the commission include, without limitation,  
16 all of the following:

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

21 (2) Assuring that there is no material involvement,  
22 directly or indirectly, with a licensed gambling operation, or the  
23 ownership or management thereof, by unqualified or  
24 disqualified persons, or by persons whose operations are  
25 conducted in a manner that is inimical to the public health,  
26 safety, or welfare.

27 6. Section 19824 provides, in pertinent part:

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

\* \* \* \*

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



1 (c) The emergency order is effective immediately upon issuance and  
2 service upon the owner licensee or any agent of the licensee registered  
3 with the department for receipt of service, or, in cases involving prior  
4 approval, upon issuance and service upon the person or entity involved,  
5 or upon an agent of that person or entity authorized to accept service of  
6 process in this state. The emergency order may suspend, limit, condition,  
7 or take other action in relation to the license of one or more persons in an  
8 operation without affecting other individual licensees, registrants, or the  
9 licensed gambling establishment. The emergency order remains effective  
10 until further order of the commission or final disposition of any  
11 proceeding conducted pursuant to subdivision (d).

12 (d) Within two calendar days after issuance of an emergency order, the  
13 department shall file an accusation with the commission against the  
14 person or entity involved. Thereafter, the person or entity against whom  
15 the emergency order has been issued and served is entitled to a hearing  
16 which, if so requested, shall commence within 10 business days of the  
17 date of the request if a gambling operation is closed by the order, and in  
18 all other cases, within 30 calendar days of the date of the request. On  
19 application of the department, and for good cause shown, a court may  
20 extend the time within which a hearing is required to be commenced,  
21 upon those terms and conditions that the court deems equitable.

22 10. Section 12554 of Title 4 of the California Code of Regulations provides, in pertinent  
23 part:

24 (a) Upon the filing with the Commission of an accusation by the  
25 Bureau recommending revocation, suspension, or other discipline of a  
26 holder of a license, registration, permit, finding of suitability, or approval,  
27 the Commission shall proceed under Chapter 5 (commencing with section  
28 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

\*\*\*

(d) Upon a finding of a violation of the Act, any regulations adopted  
pursuant thereto, any law related to gambling or gambling establishments,  
violation of a previously imposed disciplinary or license condition, or  
laws whose violation is materially related to suitability for a license,  
registration, permit, or approval, the Commission may do any one or  
more of the following:

(1) Revoke the license, registration, permit, finding of suitability,  
or approval;

(2) Suspend the license, registration, or permit;

(3) Order the licensing authority of a city, county, or city and  
county to revoke a work permit, pursuant to Business and Professions  
Code section 19914, subdivision (a);

(4) Impose any condition, limitation, order, or directive (including  
but not limited to a directive to divest an interest in a business entity  
pursuant to Business and Professions Code, section 19879);

1 (5) Impose any fine or monetary penalty consistent with Business  
2 and Professions Code sections 19930, subdivision (c) . . . . ;

3 (6) Stay, in whole or in part, the imposition of a revocation or  
4 suspension against the holder of a license, registration, work permit,  
5 finding of suitability, or approval, or

6 (7) Order the holder to pay a monetary penalty in lieu of all or a  
7 portion of a suspension. Within the guidelines of Business and  
8 Professions Code sections 19930, subdivision (c) . . . . :

9 (A) If the respondent is an owner licensee of a gambling  
10 establishment, the monetary penalty shall be equivalent of fifty percent  
11 of the average daily gross gaming revenue, but not less than \$300, for  
12 the number of days for which the suspension is stayed.

13 **OTHER APPLICABLE STATUTES AND REGULATIONS**

14 11. Section 19801 provides in pertinent part:

15 The Legislature hereby finds and declares all of the following:

16 \* \* \* \*

17 (g) Public trust that permissible gambling will not endanger public  
18 health, safety, or welfare requires that comprehensive measures be  
19 enacted to ensure that gambling is free from criminal and corruptive  
20 elements, that it is conducted honestly and competitively, and that it is  
21 conducted in suitable locations.

22 \* \* \* \*

23 (i) All gambling operations, all persons having a significant  
24 involvement in gambling operations, all establishments where gambling  
25 is conducted, and all manufacturers, sellers, and distributors of gambling  
26 equipment must be licensed and regulated to protect the public health,  
27 safety, and general welfare of the residents of this state as an exercise of  
28 the police powers of the state.

12. Section 19805 provides as follows:

As used in [the Act], the following definitions shall apply:

\* \* \* \*

(m) "Gambling enterprise" means a natural person or an entity,  
whether individual, corporate, or otherwise, that conducts a gambling  
operation and that by virtue thereof is required to hold a state gambling  
license under [the Act].

\* \* \* \*

(o) "Gambling establishment," "establishment," or "licensed  
premises," except as otherwise defined in Section 19812, means one or

1 more rooms where any controlled gambling or activity directly related  
2 thereto occurs.

3 (p) "Gambling license" or "state gambling license" means any license  
4 issued by the state that authorizes the person named therein to conduct a  
5 gambling operation.

6 \* \* \* \*

7 (w) "Key employee" means any natural person employed in the  
8 operation of a gambling enterprise in a supervisory capacity or  
9 empowered to make discretionary decisions that regulate gambling  
10 operations, including, without limitation, pit bosses, shift bosses, credit  
11 executives, cashier operations supervisors, gambling operation managers  
12 and assistant managers, managers or supervisors or security employees,  
13 or any other natural person designated as a key employee by the  
14 department for reasons consistent with the policies of the Act.

15 \* \* \* \*

16 (ad) "Owner licensee" means an owner of a gambling enterprise who  
17 holds a state gambling license.

18 \* \* \* \*

19 (ak) "Work permit" means any card, certificate, or permit issued by  
20 the commission, or by a county, city, or city and county, whether  
21 denominated as a work permit, registration card, or otherwise, authorizing  
22 the holder to be employed as a gambling enterprise employee or to serve  
23 as an independent agent. A document issued by any governmental  
24 authority for any employment other than gambling is not a valid work  
25 permit for the purposes of [the Act].

26 13. Section 19920 provides as follows:

27 It is the policy of the State of California to require that all  
28 establishments wherein controlled gambling is conducted in this state be  
operated in a manner suitable to protect the public health, safety, and  
general welfare of the residents of the state. The responsibility for the  
employment and maintenance of suitable methods of operation rests with  
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.

14. Section 19922 provides:

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

15. Section 12568 of title 4 of the California Code of Regulations provides, in pertinent  
part:

1 (b) A license, finding of suitability, or approval granted by the  
2 Commission, other than a work permit, and an owner license for a  
3 gambling establishment if the owner licensee has committed a separate  
4 violation from any violations committed by the gambling establishment  
5 shall be subject to a minimum discipline of suspension for five days of  
6 normal scheduled work and a maximum discipline of revocation, which  
7 may be stayed on terms and conditions and any monetary penalty as  
8 described in Section 12554(d)(7) of this chapter, if the Commission finds  
9 that the holder has:

6 \* \* \* \*

7 (5) Committed extortion (as that term is defined in Chapter 7  
8 of Title 13 of Part 1 of the Penal Code, commencing with section 518),

9 (6) Committed loan-sharking (as that term is used in Civil  
10 Code section 1916-3, subdivision (b)),

11 (7) Conducted or negotiated illegal sales of controlled  
12 substances (as that term is used in Chapter 1 (commencing with  
13 section 11000) of Division 10 of the Health and Safety Code) or  
14 dangerous drugs (as that term is used in Business and Professions  
15 Code, section 4022),

16 (8) As an owner licensee, not taken reasonable steps to prevent  
17 the crimes listed in subsection (b), paragraphs (5) through and  
18 including (7), from occurring at the gambling establishment, when the  
19 owner licensee knew or should have known that these crimes were  
20 being committed . . . .

21 16. The State Usury Law provides, in pertinent part:

22 (b) Any person who willfully makes or negotiates, for himself or  
23 another, a loan of money, credit, goods, or things in action, and who  
24 directly or indirectly charges, contracts for, or receives with respect to  
25 any such loan any interest or charge of any nature, the value of which is  
26 in excess of that allowed by law, is guilty of loan-sharking, a felony, and  
27 is punishable by imprisonment in the state prison for not more than five  
28 years or in the county jail for not more than one year. This subdivision  
shall not apply to any person licensed to make or negotiate, for himself or  
another, loans of money, credit, goods, or things in action, or expressly  
exempted from compliance by the laws of this state with respect to such  
licensure or interest or other charge, or to any agent or employee of such  
person when acting within the scope of his agency or employment.

24 (Stats. 1919, § 3, subd. (b), p. lxxxiii, Deering's Ann. Civ. Code, Appen. § 3 (2010 ed.).)

25 17. Article XV, section 1 of the state Constitution states in pertinent part:

26 The rate of interest upon the loan or forbearance of any money, goods,  
27 or things in action, or on accounts after demand, shall be 7 percent per  
28 annum but it shall be competent for the parties to any loan or forbearance  
of any money, goods or things in action to contract in writing for a rate of  
interest:

1 (1) For any loan or forbearance of any money, goods, or things in  
2 action, if the money, goods, or things in action are for use primarily for  
3 personal, family, or household purposes, at a rate not exceeding 10  
4 percent per annum; provided, however, that any loan or forbearance of  
5 any money, goods or things in action the proceeds of which are used  
6 primarily for the purchase, construction or improvement of real property  
7 shall not be deemed to be a use primarily for personal, family or  
8 household purposes; or

9 (2) For any loan or forbearance of any money, goods, or things in  
10 action for any use other than specified in paragraph (1), at a rate not  
11 exceeding the higher of (a) 10 percent per annum or (b) 5 percent per  
12 annum plus the rate prevailing on the 25th day of the month preceding the  
13 earlier of (i) the date of execution of the contract to make the loan or  
14 forbearance, or (ii) the date of making the loan or forbearance established  
15 by the Federal Reserve Bank of San Francisco on advances to member  
16 banks under Sections 13 and 13a of the Federal Reserve Act as now in  
17 effect or hereafter from time to time amended (or if there is no such  
18 single determinable rate of advances, the closest counterpart of such rate  
19 as shall be designated by the Superintendent of Banks of the State of  
20 California unless some other person or agency is delegated such authority  
21 by the Legislature).

22 No person, association, copartnership or corporation shall by charging  
23 any fee, bonus, commission, discount or other compensation receive from  
24 a borrower more than the interest authorized by this section upon any  
25 loan or forbearance of any money, goods or things in action.

26 \* \* \* \*

27 The provisions of this section shall supersede all provisions of this  
28 Constitution and laws enacted thereunder in conflict therewith.

18. Health and Safety Code section 11378 states:

19 Except as otherwise provided in Article 7 (commencing with Section  
20 4211) of Chapter 9 of Division 2 of the Business and Professions Code,  
21 every person who possesses for sale any controlled substance which is (1)  
22 classified in Schedule III, IV, or V and which is not a narcotic drug,  
23 except subdivision (g) of Section 11056, (2) specified in subdivision (d)  
24 of Section 11054, except paragraphs (13), (14), (15), (20), (21), (22), and  
25 (23) of subdivision (d), (3) specified in paragraph (11) of subdivision (c)  
26 of Section 11056, (4) specified in paragraph (2) or (3) of subdivision (f)  
27 of Section 11054, or (5) specified in subdivision (d), (e), or (f), except  
28 paragraph (3) of subdivision (e) and subparagraphs (A) and (B) of  
paragraph (2) of subdivision (f), of Section 11055, shall be punished by  
imprisonment in the state prison.

The illegal drug commonly referred to as "ecstasy" is a controlled substance, or is treated as a  
controlled substance, under Health and Safety Code section 11378. (Health & Safe. Code, §  
11401.)

1 19. Title 31 United States Code section 5313(a) states:

2 When a domestic financial institution is involved in a transaction for  
3 the payment, receipt, or transfer of United States coins or currency (or  
4 other monetary instruments the Secretary of the Treasury prescribes), in  
5 an amount, denomination, or amount and denomination, or under  
6 circumstances the Secretary prescribes by regulation, the institution and  
7 any other participant in the transaction the Secretary may prescribe shall  
8 file a report on the transaction at the time and in the way the Secretary  
9 prescribes. A participant acting for another person shall make the report  
10 as the agent or bailee of the person and identify the person for whom the  
11 transaction is being made.

12 20. Title 31 United States Code section 5312(a)(2)(X) defines a "financial institution" to  
13 include:

14 [A] casino, gambling casino, or gaming establishment with an annual  
15 gaming revenue of more than \$ 1,000,000 which—

16 (i) is licensed as a casino, gambling casino, or gaming  
17 establishment under the laws of any State or any political subdivision of  
18 any State

19 21. Title 31 United States Code section 5324(a) states in pertinent part:

20 No person shall, for the purpose of evading the reporting requirements  
21 of section 5313(a) or 5325 or any regulation prescribed under any such  
22 section, the reporting or recordkeeping requirements imposed by any  
23 order issued under section 5326, or the recordkeeping requirements  
24 imposed by any regulation prescribed under section 21 of the Federal  
25 Deposit Insurance Act or section 123 of Public Law 91—

26 (1) cause or attempt to cause a domestic financial institution to  
27 fail to file a report required under section 5313(a) or 5325 or any  
28 regulation prescribed under any such section, to file a report or to  
29 maintain a record required by an order issued under section 5326, or to  
30 maintain a record required pursuant to any regulation prescribed under  
31 section 21 of the Federal Deposit Insurance Act or section 123 of Public  
32 Law 91-508;

33 \* \* \* \*

34 (3) structure or assist in structuring, or attempt to structure or  
35 assist in structuring, any transaction with one or more domestic financial  
36 institutions.

37 22. Title 31 of the Code of Federal Regulations section 103.22(b)(2) sets reporting  
38 requirements for casinos for large cash transactions in pertinent part as follows:

Each casino shall file a report of each transaction in currency,

1 involving either cash in or cash out, of more than \$10,000.

2 (i) Transactions in currency involving cash in include, but are not  
3 limited to:

4 (A) Purchases of chips, tokens, and other gaming instruments;

5 (B) Front money deposits;

6 (C) Safekeeping deposits;

7 (D) Payments on any form of credit, including markers and  
counter checks;

8 (ii) Transactions in currency involving cash out include, but are not  
9 limited to:

10 (A) Redemptions of chips, tokens, tickets, and other gaming  
instruments;

11 (B) Front money withdrawals;

12 (C) Safekeeping withdrawals;

13 (D) Advances on any form of credit, including markers and  
counter checks;

14 (E) Payments on bets. . . .

15  
16 23. Title 31 of the Code of Federal Regulations section 103.11(gg) defines structuring of  
17 a transaction as follows:

18 [A] person structures a transaction if that person, acting alone, or in  
19 conjunction with, or on behalf of, other persons, conducts or attempts to  
20 conduct one or more transactions in currency, in any amount, at one or  
21 more financial institutions, on one or more days, in any manner, for the  
22 purpose of evading the reporting requirements under section 103.22 of  
23 this part. "In any manner" includes, but is not limited to, the breaking  
24 down of a single sum of currency exceeding \$ 10,000 into smaller sums,  
including sums at or below \$ 10,000, or the conduct of a transaction, or  
series of currency transactions, including transactions at or below \$  
10,000. The transaction or transactions need not exceed the \$ 10,000  
reporting threshold at any single financial institution on any single day in  
order to constitute structuring within the meaning of this definition.

25 24. Title 31 United States Code section 5318(g) states in pertinent part:

26 Reporting of suspicious transactions.—

27 (1) In general.--The Secretary may require any financial  
28 institution, and any director, officer, employee, or agent of any

1 financial institution, to report any suspicious transaction  
2 relevant to a possible violation of law or regulation.

3 25. Title 31 of the Code of Federal Regulations section 103.21(a)(1) and (2) requires  
4 reporting of suspicious financial transactions as follows:

5 (1) Every casino shall file with [the Department of the Treasury's  
6 Financial Crimes Enforcement Network] FinCEN, to the extent and in the  
7 manner required by this section, a report of any suspicious transaction  
8 relevant to a possible violation of law or regulation. A casino may also  
9 file with FinCEN, by using the form specified in paragraph (b)(1) of this  
section, or otherwise, a report of any suspicious transaction that it  
believes is relevant to the possible violation of any law or regulation but  
whose reporting is not required by this section.

10 (2) A transaction requires reporting under the terms of this section if it  
11 is conducted or attempted by, at, or through a casino, and involves or  
12 aggregates at least \$5,000 in funds or other assets, and the casino knows,  
suspects, or has reason to suspect that the transaction (or a pattern of  
transactions of which the transaction is a part):

13 (i) Involves funds derived from illegal activity or is intended  
14 or conducted in order to hide or disguise funds or assets derived from  
15 illegal activity (including, without limitation, the ownership, nature,  
source, location, or control of such funds or assets) as part of a plan to  
violate or evade any federal law or regulation or to avoid any transaction  
reporting requirement under federal law or regulation;

16 (ii) Is designed, whether through structuring or other means, to  
17 evade any requirements of this part or of any other regulations  
18 promulgated under the Bank Secrecy Act, Public Law 91-508, as  
amended, codified at 12 U.S.C. 1829b, 12 U.S.C. 1951-1959, and 31  
U.S.C. 5311-5332;

19 (iii) Has no business or apparent lawful purpose or is not the  
20 sort in which the particular customer would normally be expected to  
engage, and the casino knows of no reasonable explanation for the  
21 transaction after examining the available facts, including the background  
and possible purpose of the transaction; or

22 (iv) Involves use of the casino to facilitate criminal activity.

23 26. Section 12556 of Title 4 of the California Code of Regulations provides, in pertinent  
24 part:

25 Factors in mitigation may reduce a minimum penalty of suspension  
26 listed in [the Act], either in number of days suspended and/or in the  
proposal to stay a suspension for a period of probation and the payment of  
27 any monetary penalty. Factors in aggravation may increase a penalty or  
be taken into consideration in determining whether or not to allow a  
28 suspension to be stayed upon payment of a monetary penalty. If presented  
by complainant or respondent, the Commission shall consider the

1 following factors in mitigation or aggravation of the penalty imposed:

2 \* \* \* \*

3 (g) The extent to which respondent realized an economic gain from  
4 the violation.

5 (h) Disciplinary history of respondent, repeated offenses of the same  
6 or similar nature, or evidence that the unlawful act was part of a pattern or  
7 practice, including the frequency or duration of any pattern or practice  
8 which violates applicable law.

9 (i) Any other aggravating factors, including any factors which the  
10 Commission determines to bear on the health, safety, or welfare of the  
11 public.

12 (j) The extent to which there was actual or potential harm to the public  
13 or to any patron.

14 (k) The extent to which an owner licensee or key employee of a  
15 gambling establishment, owner or supervisor of a third-party provider of  
16 proposition player services, or owner or supervisor of a gambling  
17 business exercised due diligence in management or supervision.

18 \* \* \* \*

19 (p) Any relevant evidence offered by respondent in mitigation of the  
20 violation.

## 21 GENERAL ALLEGATIONS

22 27. Licensed gambling enterprises ("cardrooms") offer gambling to cardroom patrons in  
23 the form of "controlled games" under the Act. (Bus. & Prof. Code, § 19805, subd. (f); Pen. Code,  
24 § 337j, subd. (e)(1).) Controlled games include traditional poker and so-called "Asian games" in  
25 industry parlance. (Bus. & Prof. Code, § 19805, subd. (f); Pen. Code, § 337j, subd. (e)(1); see  
26 also Pen. Code, § 330.11.) Asian games include such games as Pai Gow Tiles, Pai Gow Poker,  
27 California 21, and Three-card Poker. Asian games are faster paced with fewer betting  
28 opportunities and generally higher stakes than other controlled games offered at licensed  
cardrooms.

29 28. Since March 2009, the Bureau has been investigating Artichoke Joe's and the Oaks  
30 Card Club ("Oaks"), another licensed gambling enterprise under the Act that is located in  
31 Emeryville, California. The investigation has involved significant undercover work by Bureau  
32 special agents, as well as the use of confidential informants. The investigation has revealed  
33 pervasive criminal activity largely centered around the Asian gaming sections of both cardrooms

1 (Artichoke Joe's and the Oaks). At Artichoke Joes, however, the within-described illegal  
2 transactions occurred primarily at or near the Pai Gow Tiles tables and the associated podium  
3 ("Pai Gow Podium"), which are separated from the other Asian games tables in the establishment.  
4 The primary criminal activity that has been found in relation to Artichoke Joe's is illegal loan-  
5 sharking. Members of a criminal loan-sharking organization openly transact illegal usurious  
6 loans with cardroom patrons on a regular basis in the Asian gaming sections of both cardrooms  
7 using the cardroom podiums (satellite cages) as their centers of operations. The cardroom  
8 podiums are ostensibly for transacting cardroom business for use only by cardroom employees in  
9 providing services to patrons, such as gambling chip purchases, at convenient locations within the  
10 cardrooms. The members of the criminal loan-sharking organization are nearly a constant  
11 presence in the Asian games sections and operate with impunity at both cardrooms and between  
12 the two cardrooms, and their operation at Artichoke Joe's is common knowledge among many  
13 Artichoke Joe's patrons and employees. Substantial numbers of employees in both cardrooms are  
14 either directly involved with, or have knowledge of, the illegal activities; and while on duty at the  
15 cardrooms, these employees routinely conduct monetary transactions with the members of the  
16 criminal loan-sharking organization.

#### 17 **FIRST CAUSE FOR DISCIPLINE**

#### 18 **(Violations of Business and Professions Code Sections 19920 and 19922—** 19 **Operation in a Manner Inimical to the Public Health, Safety, and General Welfare of the** 20 **Residents of the State; Willful or Persistent Use or Toleration of Methods of Operation** 21 **Deemed Unsuitable and Violation of Commission Regulations—Loan-Sharking)**

22 29. Complainant incorporates by this reference each and every allegation contained in  
23 paragraphs 1 through 28 above, as though set forth herein in full.

24 30. On or about October 28, 2009, an illegally usurious loan made by Bob Yuen, a  
25 member of the criminal loan-sharking organization, to an Artichoke Joe's [and Oaks] patron and  
26 confidential informant ("Artichoke Joe's patron/informant" or "patron/informant"), that had  
27 originated at the Oaks, was repaid at Artichoke Joe's. While on duty as a floorman at the Oaks,  
28 Larry Chung directly contacted Kai Ng, a shift manager and a "key employee" under the Act who  
was on duty at Artichoke Joe's, regarding Ng's accepting the loan repayment from the Artichoke

1 Joe's patron/informant. The repayment of the loan was then made with the knowing assistance of  
2 Kai Ng and John Chew, an on-duty floorman at Artichoke Joe's. The Artichoke Joe's  
3 patron/informant repaid \$6,500 on the loan to John Chew, who counted the money, attached a  
4 note to it, and placed it in the Pai Gow podium drawer at Artichoke Joe's for forwarding to the  
5 member of the criminal loan-sharking organization. At the time of the loan repayment, Kin  
6 Kwong, an on-duty Artichoke Joe's floorman, and Kee Leung, another on-duty Artichoke Joe's  
7 floorman, were in the immediate vicinity of the transaction and witnessed it.

8 31. On or about January 14, 2010, at Artichoke Joe's near the Pai Gow Tiles tables, an  
9 illegal loan of \$5,000 was made by Hung Tieu, a member of a criminal loan-sharking  
10 organization, to the Artichoke Joe's patron/informant. To secure this loan, the Artichoke Joe's  
11 patron/informant contacted Billy Chau, a member of the criminal loan-sharking organization at  
12 Artichoke Joe's. Chau directed the Artichoke Joe's patron/informant to Hung Tieu. The  
13 Artichoke Joe's patron/informant requested a loan from Tieu, but Tieu would not make the loan  
14 because he did know the Artichoke Joe's patron/informant. The Artichoke Joe's patron/informant  
15 then telephonically contacted Oaks floorman Larry Chung. Tieu spoke with Chung on the phone,  
16 and agreed to make a \$5,000 loan to the Artichoke Joe's patron/informant. Tieu and the  
17 Artichoke Joe's patron/informant then went to Kwai Wong, an on-duty floor manager for Asian  
18 games at Artichoke Joe's. The \$5,000 loan was transacted between the Artichoke Joe's  
19 patron/informant and Hung Tieu in front of Kwai Wong, to whom the patron then gave the  
20 \$5,000 in exchange for that amount of Artichoke Joe's gambling chips from the Pai Gow Podium.  
21 The interest rate on this illegal loan was 10% per every four days that passed from the origination  
22 of the loan. After the transaction, Tieu instructed the Artichoke Joe's patron/informant to pay  
23 back the loan to the "drawer [of the Pai Gow Podium]."

24 32. On or about January 20, 2010, at Artichoke Joe's near the Pai Gow Tiles tables, an  
25 adult male Asian patron of Artichoke Joe's made a payment in a large amount of currency to  
26 Ding Lin, a member of the criminal loan-sharking organization.

27 33. On or about February 1, 2010, at Artichoke Joe's near the Pai Gow Tiles tables, an  
28 illegal loan of \$5,000 was made by Bao Tran, an on-duty dealer employed at Artichoke Joe's, to

1 the Artichoke Joe's patron/informant. To secure this loan, the Artichoke Joe's patron/informant  
2 initially telephonically contacted Larry Chung of the Oaks seeking the name of a person from  
3 whom the Artichoke Joe's patron/informant could obtain a loan. Chung directed the Artichoke  
4 Joe's patron/informant to Ding Lin, a member of the criminal loan-sharking organization at  
5 Artichoke Joe's. The Artichoke Joe's patron/informant was unable to locate Lin, but was  
6 subsequently approached by Bao Tran, who told the Artichoke Joe's patron/informant that he  
7 (Tran) could conduct the loan. Thereafter, Tran telephonically contacted Hung Tieu, who agreed  
8 to make a loan of \$5,000 to the patron/informant. Bao Tran and the Artichoke Joe's  
9 patron/informant then went to the Pai Gow Tiles tables and contacted John Chew, an on-duty  
10 floorman at Artichoke Joe's. Tran handed \$5,000 to Chew, and Chew handed \$5,000 in  
11 Artichoke Joe's gambling chips to the Artichoke Joe's patron/informant. The interest rate on this  
12 illegal loan was 10% per week. Later that same evening at Artichoke Joe's in the smoking area,  
13 the Artichoke Joe's patron/informant met with Hung Tieu, and paid Tieu back \$5,500 in  
14 Artichoke Joe's gambling chips for the loan made earlier that evening.

15 34. On or about February 4, 2010, at Artichoke Joe's near the video game area, an illegal  
16 loan of \$5,000 was made by Hung Tieu to the Artichoke Joe's patron/informant. Tieu told the  
17 Artichoke Joe's patron/informant that any additional loans needed that evening could be obtained  
18 from Bao Tran, an on-duty Artichoke Joe's dealer in the Pai Gow Tiles tables area. Later that  
19 same evening at Artichoke Joe's, the Artichoke Joe's patron/informant made a \$2,000 payment  
20 on the earlier illegal loan directly to Bao Tran. At that time, the patron/informant told Tran that  
21 the patron/informant would pay off the balance of the loan plus 10% interest by the end of the  
22 week to Hung Tieu.

23 35. On or about February 8, 2010, at Artichoke Joe's in the restaurant area, the Artichoke  
24 Joe's patron/informant made a \$3,500 payment to Ding Lin, a member of the criminal loan-  
25 sharking organization, for the balance due on an illegally usurious loan previously made to the  
26 patron/informant. Initially, the patron/informant telephonically contacted Hung Tieu, informing  
27 Tieu that the patron/informant had money to pay back on a loan for Tieu. After that phone call,  
28 Ding Lin approached the Artichoke Joe's patron/informant and informed the patron/informant

1 that he (Lin) had spoken with Tieu regarding the repayment of the loan. Thereafter Lin and the  
2 patron/informant proceeded to the restaurant area of Artichoke Joe's, where the patron/informant  
3 paid Lin \$3,500 on the loan. That same evening at Artichoke Joe's near the Pai Gow Tiles tables,  
4 the patron/informant obtained another illegally usurious loan of \$3,500 from Ding Lin.

5 36. On or about June 3, 2010, at Artichoke Joe's near the Pai Gow Tiles tables, an  
6 illegally usurious loan of \$3,000 was made by Kwai Wong, an on-duty floor manager for Asian  
7 games at Artichoke Joe's, to the Artichoke Joe's patron/informant. Initially, after entering  
8 Artichoke Joe's, the Artichoke Joe's patron/informant exited the cardroom and telephonically  
9 contacted Ding Lin seeking a loan. Lin told the patron/informant that Lin would call him/her  
10 back. Lin did telephonically contact the patron/informant and told the patron/informant to talk to  
11 Kwai Wong. The patron/informant then proceeded to the Pai Gow Podium and inquired of Kin  
12 Kwong, an on-duty Artichoke Joe's floorman, as to Kwai Wong's whereabouts. At Kwong's  
13 direction, the patron/informant approached Wong and told Wong that he/she needed a loan.  
14 Thereafter, Kwai Wong telephonically contacted Ding Lin. Kwai Wong then took \$3,000 in  
15 Artichoke Joe's gambling chips from the Pai Gow Podium and gave them to the patron/informant.

16 37. On or about June 7, 2010, at Artichoke Joe's near the Pai Gow Tiles tables, the  
17 Artichoke Joe's patron/informant informed Weylin Fong, the manager of Asian games at  
18 Artichoke Joes and a statutory "key employee" under the Act, that the patron/informant had a  
19 payment to make to Ding Lin, a member of the criminal loan-sharking organization. In response  
20 to the patron/informant's inquiry, Weylin Fong directed the patron/informant to Kin Kwong, an  
21 on-duty Artichoke Joe's floorman, telling the patron/informant to make the payment to Kwong.  
22 Accordingly, at the Pai Gow Podium the patron/informant made a \$3,300 payment to Kin Kwong  
23 on the balance due on an illegally usurious loan from a member of the criminal loan-sharking  
24 organization.

25 38. On or about June 23, 2010, at Artichoke Joe's near the Pai Gow Tiles tables, the  
26 Artichoke Joe's patron/informant telephonically contacted Hung Tieu to obtain a loan. Tieu  
27 directed the patron/informant to contact Kwai Wong, an on-duty floor manager for Asian games  
28 at Artichoke Joe's, for the loan. Accordingly, the patron/informant contacted Kwai Wong and

1 obtained an illegally usurious loan of \$2,000 that was made using Artichoke Joe's gambling chips  
2 from the Pai Gow Podium.

3 39. On or about August 3, 2010, at Artichoke Joe's near the Pai Gow Tiles tables, an  
4 illegally usurious loan in the amount of \$5,000 was made by Ding Lin to the Artichoke Joe's  
5 patron/informant. After being unable to telephonically contact Hung Tieu in effort to obtain a  
6 loan, the patron/informant approached Ding Lin in the Pai Gow Tiles table area, and requested a  
7 loan. Lin agreed, and Lin and the patron/informant went to the Pai Gow Podium area and spoke  
8 to on-duty floor manager John Chew, where Lin gave \$5,000 to Chew that Chew exchanged for  
9 the same amount in Artichoke Joe's gambling chips from Pai Gow Podium, and gave to the  
10 patron/informant.

11 40. Currently, members of the illegal loan-sharking organization are aggressively seeking  
12 repayment of outstanding loan and interest payments from the Artichoke Joe's patron/informant  
13 for illegal loans made at Artichoke Joe's.

#### 14. SECOND CAUSE FOR DISCIPLINE

15 **(Violations of Business and Professions Code Section 19920 and 19922—**  
16 **Operation in a Manner Inimical to the Public Health, Safety, and General**  
17 **Welfare of the Residents of the State; Willful or Persistent Use or**  
18 **Toleration of Methods of Operation Deemed Unsuitable and Violation of**  
19 **Commission Regulations—Negotiation for Sale of Illegal Drugs)**

20 41. Complainant incorporates by this reference each and every allegation contained in  
21 paragraphs 1 through 40, above, as though set forth herein in full.

22 42. On or about June 23, 2010, at Artichoke Joe's near the Pai Gow Tiles tables, the  
23 Artichoke Joe's patron/informant met with Hung Tieu, a member of the criminal loan-sharking  
24 organization, and inquired as to whether the patron/informant could purchase the illegal drug  
25 ecstasy from Tieu. Tieu responded, telling the patron/informant that Tieu would contact the  
26 patron/informant when he obtained some ecstasy.  
27  
28

1 **THIRD CAUSE FOR DISCIPLINE**

2 **(Violations of Business and Professions Code Section 19920—Operation**  
3 **in a Manner Inimical to the Public Health, Safety, and General Welfare**  
4 **of the Residents of the State; Willful or Persistent Use or Toleration of**  
5 **Methods of Operation Deemed Unsuitable—Failure to Report Large or**  
6 **Suspicious Cash Transactions)**

7 43. Complainant incorporates by this reference each and every allegation contained in  
8 paragraphs 1 through 42, above, as though set forth herein in full.

9 44. With respect to all of the monetary and gambling chip transactions described in  
10 paragraphs 28 through 39 above, at no time did any Artichoke Joe's employees with the  
11 knowledge of, or involvement in, the transactions, or the Artichoke Joe's itself, report the  
12 transactions to appropriate federal authorities as suspicious transactions or large cash transactions.

13 45. On or about April 8, 2010, at Artichoke Joe's near the Pai Gow Tiles tables, an  
14 Artichoke Joe's patron in a single transaction cashed in \$10,500 in Artichoke Joe's gambling  
15 chips at the Pai Gow Podium. No identifying information was required of that Artichoke Joe's  
16 patron for purposes of reporting the transaction to appropriate federal authorities as a large cash  
17 transaction.

18 **OTHER MATTERS**

19 46. On March 2, 2011, the Bureau issued an emergency order suspending Respondent's  
20 license pursuant to Business and Professions Code section 19931, subdivision (a). A copy of the  
21 emergency order was filed with the Commission on March 2, 2011, and is effective until further  
22 order of the Commission or final disposition of any proceeding conducted pursuant to Business  
23 and Professions Code section 19931, subdivision (d).

24 **PRAYER**

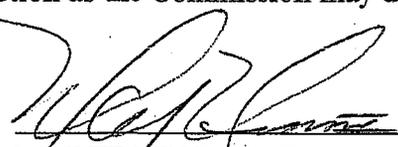
25 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,  
26 and that following the hearing, the Commission issue a decision:

27 1. Revoking or suspending the gambling enterprise license issued to Respondent,  
28 Artichoke Joe's, and imposing a monetary fine and/or penalty upon Respondent, for each  
violation found to constitute cause for disciplinary action;

1           2.     Awarding Complainant, pursuant to Business and Professions Code section 19930,  
2 subdivisions (d) and (f), the reasonable costs of investigation and the costs of preparation and  
3 prosecution of the case before the Commission, in a sum according to proof; and,

4           3.     Taking such other and further action as the Commission may deem appropriate.

5  
6 Dated: March 4, 2011



MARTIN HORAN, JR.  
Acting Chief of the Bureau of Gambling Control  
California Department of Justice  
Complainant

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28