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

13  
14 **In the Matter of the Statement of Issues**  
**Against:**

**BGC Case No. BGC-HQ2011-00002**

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

15  
16 **NADER H. TAFTY, shareholder of**  
**DELTA CM, INC., general partner and a**  
17 **limited partner of DELTA C, LP, owners of**  
**DELTA CASINO DOWNTOWN,**

**STATEMENT OF ISSUES**

18 **Temporary License No. GEOW-00341,**  
19 **and**

20 **NADER H. TAFTY, shareholder of**  
21 **DELTA CM, INC., general partner and a**  
22 **limited partner of DELTA C, LP, owners of**  
**DELTA CASINO,**

23 **Temporary License No. GEOW-00342,**  
24 **2250 Grand Canal Blvd., #105**  
**Stockton, CA 95207.**

25  
26 **Respondent.**

1 Complainant alleges as follows:

2 **PARTIES**

3 1. Martin Horan IV (Complainant) brings this Statement of Issues solely in his official  
4 capacity as the Acting Chief of the California Department of Justice, Bureau of Gambling Control  
5 (Bureau).

6 2. On or about August 20, 2010 the California Gambling Control Commission  
7 (Commission) received an Application for a State Gambling License submitted by Nader H. Tafty  
8 (Respondent), as a purchaser of shares of Delta CM, Inc., and as a partner in Delta C, LP,<sup>1</sup> owners  
9 of both Delta Casino<sup>2</sup> and Delta Casino Downtown<sup>3</sup> (collectively, the Delta Casinos).

10 3. On or about September 22, 2010 the Commission approved a temporary state  
11 gambling license for Respondent at Delta Casino, temporary license number GEOW-0033242, and  
12 at Delta Casino Downtown, temporary license number GEOW-003241.<sup>4</sup>

13 <sup>1</sup> Respondent is a shareholder of Delta CM, Inc. Delta CM, Inc. is the general partner of  
14 the partnership that owns both Delta Casino and Delta Casino, Inc. Delta CM, Inc. is also a  
15 partner in Delta C, LP, which is the limited partner of the partnership that owns Delta Casino and  
16 Delta Casino, Inc. Accordingly, as a shareholder of the general partner and/or as shareholder of a  
17 partner within the limited partnership, Respondent is required to be licensed (endorsed licensee).  
(Bus. & Prof. Code, §§ 19851 & 19852.)

17 <sup>2</sup> Delta Casino, license number GEOW-001314, is located at 6518 Pacific Avenue,  
18 Stockton, California. Delta Casino is owned by the partnership of Delta CM, Inc., general partner,  
19 license number GEOW-003190, and Delta C, LP, limited partner, license number GEOW-003193.

19 <sup>3</sup> Delta Casino Downtown, license number GEOW-001313, is located at 146 East Market  
20 Street, Stockton, California. Delta Casino Downtown is also owned by the partnership of Delta  
21 CM, Inc., general partner, license number GEOW-003147, and Delta C, LP, limited partner,  
22 license number GEOW-003148.

21 <sup>4</sup> The Commission approved Respondent's temporary state gambling license subject to  
22 express conditions including, but not limited to, the following:

23 2. Issuance of a temporary license does not obligate the Commission to  
24 grant a permanent license. Issuance of a temporary license does not create a  
25 vested right in the holder to either extension of the temporary license or to a  
26 regular license.

25 3. Issuance of this temporary license does not in any way change the legal  
26 requirement that the applicant bears the burden of establishing that he/she is  
27 suitable pursuant to Business and Professions (B&P) Code section 19856(a) for a  
28 regular license.

27 4. Issuance of this temporary license does not change the license  
28 qualification requirements of the Gambling Control Act, including but not limited  
to B&P Code sections 19856, 19857, 19858 and 19859.

(continued...)



1 8. Business and Professions Code section 19824 provides in part:

2 The commission shall have all powers necessary and proper to  
3 enable it fully and effectually to carry out the policies and purposes of  
4 this chapter<sup>5</sup>, including, without limitation, the power to do all of the  
5 following:

6 \* \* \*

7 (b) For any cause deemed reasonable by the commission, deny  
8 any application for a license, permit, or approval provided for in this  
9 chapter or regulations adopted pursuant to this chapter, limit, condition,  
10 or restrict any license, permit, or approval, or impose any fine upon any  
11 person licensed or approved. The commission may condition, restrict,  
12 discipline, or take action against the license of an individual owner  
13 endorsed on the license certificate of the gambling enterprise whether  
14 or not the commission takes action against the license of the gambling  
15 enterprise.

16 \* \* \*

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

#### 20 COST RECOVERY

21 9. Business and Professions Code section 19930 provides in part:

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

27 \* \* \*

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

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

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

<sup>5</sup> Hereinafter, "chapter" refers to Business and Professions Code, division 8, chapter 5  
(commencing with section 19800), also known as the Gambling Control Act.



1 facts material to his qualification for licensure; and/or supplied information that was untrue or  
2 misleading as to material facts pertaining to his qualification for licensure. Such failures included,  
3 but are not limited to, the following:

4 (a) Respondent failed to provide adequate information and/or  
5 documentation concerning the source of the funds he used to obtain his  
6 financial/ownership interest in Delta CM, Inc., and Delta C, LP;

7 (b) Respondent failed to provide adequate information and/or  
8 documentation regarding significant financial transactions in his personal bank  
9 account that related to his involvement with the ownership and/or operations of  
10 the Delta Casinos, and/or that were from unknown sources; and

11 (c) Respondent failed to provide adequate information and/or  
12 documentation to substantiate his purported annual salary.

13 **SECOND CAUSE FOR DENIAL OF APPLICATION**

14 **(Unqualified for Licensure – Poses Threat: Unlawful Operation)**

15 14. Respondent's application for a state gambling license is subject to denial pursuant to  
16 Business and Professions Code section 19857, subdivision (b), in that Respondent failed to clearly  
17 establish his eligibility and qualifications as a person whose prior activities, reputation, and/or  
18 habits do not pose a threat to the public interest of this state, or to the effective regulation and  
19 control of controlled gambling, or create or enhance the dangers of unsuitable, unfair, or illegal  
20 practices, methods, and activities in the conduct of controlled gambling or in the carrying on of the  
21 business and financial arrangements incidental thereto. While under Respondent's tenure as the  
22 chief operating officer for the Delta Casinos, the casinos were issued multiple letters of warning by  
23 the Bureau for failure to meet financial reporting requirements, as well as other violations of the  
24 Gambling Control Act. Respondent was also issued a citation and a subsequent notice of violation  
25 by the Stockton Police Department for activities related to the operation of the Delta Casinos.



1 incidental thereto as more fully alleged in paragraphs 14 and 15 above and  
2 incorporated herein by reference.

3 **PRAYER**

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

6 1. Denying the Application for a State Gambling License submitted by Nader H. Tafty  
7 for Delta Casino, temporary license number GEOW-0033242, and for Delta Casino Downtown,  
8 temporary license number GEOW-00324;

9 2. Awarding Complainant the costs of investigation and costs of bringing this Statement  
10 of Issues before the Commission, pursuant to Business and Professions Code section 19930,  
11 subdivisions (d) and (f), in a sum according to proof; and

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

13  
14 Dated: January 6, 2012

  
Martin Horan IV, Acting Chief  
Bureau of Gambling Control  
Department of Justice  
State of California  
Complainant

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