

1 KAMALA D. HARRIS  
Attorney General of California  
2 SARA J. DRAKE  
Senior Assistant Attorney General  
3 RONALD L. DIEDRICH  
Deputy Attorney General  
4 WILLIAM P. TORNGREN  
Deputy Attorney General  
5 State Bar No. 58493  
1300 I Street, Suite 125  
6 P.O. Box 944255  
Sacramento, CA 94244-2550  
7 Telephone: (916) 323-3033  
Fax: (916) 327-2319  
8 E-mail: William.Torngren@doj.ca.gov  
*Attorneys for the Complainant*

CALIFORNIA GAMBLING  
CONTROL COMMISSION  
2015 DEC 14 PM 3: 56

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

15 **In the Matter of the Accusation and**  
16 **Statement of Issues Against:**  
17 **PALOMAR CARD CLUB, a general**  
18 **partnership, doing business as Palomar**  
**Card Club (GEGE-001008);**  
19 **DONALD STAATS (GEOW-002374);**  
20 **SUSAN STAATS (GEOW-002375);**  
21 **2724 El Cajon Boulevard**  
**San Diego, CA 92104**

22 **Respondents.**

**OAH No.**

**BGC Case No. BGC- HQ2015-00005AC**

**ACCUSATION AND STATEMENT OF**  
**ISSUES (Replacing Accusation filed**  
**October 8, 2015)**

RECEIVED BY  
CGCC LEGAL DIVISION  
2015 DEC 14 PM 3: 53

1 Complainant alleges as follows:

2 **PARTIES**

3 1. Wayne J. Quint, Jr. (Complainant) brings this Accusation and Statement of  
4 Issues solely in his official capacity as the Chief of the California Department of Justice, Bureau  
5 of Gambling Control (Bureau).

6 2. Respondent Palomar Card Club (Palomar) is a general partnership, doing  
7 business as the Palomar Card Club. Palomar is a licensed gambling enterprise, California State  
8 Gambling License Number GEGE-001008. Palomar operates an 11-table card room at 2724 El  
9 Cajon Boulevard, San Diego, California.

10 3. Respondents Donald Staats (Mr. Staats), license number GEOW-002374, and  
11 Susan Staats (Mrs. Staats), license number GEOW-002375, are Palomar's only partners and are  
12 endorsed on its license.

13 4. Palomar, Mr. Staats, and Mrs. Staats are referred to collectively as  
14 "Respondents."

15 5. The California Gambling Control Commission (Commission) issued the above-  
16 described licenses to Respondents. On November 19, 2015, the Commission referred  
17 Respondents' license renewal applications to an evidentiary hearing to be consolidated with the  
18 pending Accusation. As a consequence of the referral, the Commission issued Respondents  
19 interim licenses. (Cal. Code Regs., tit. 4, § 12035, subd. (a).)

20 **SUMMARY OF THE CASE**

21 6. This proceeding seeks to revoke Respondents' licenses, and impose appropriate  
22 fines as allowed by law. It also seeks to deny Respondents' license renewal applications.  
23 Respondents are not suitable for continued, or renewal of their, licensure under the Gambling  
24 Control Act (Act). As alleged in this Accusation and Statement of Issues, Respondents  
25 concealed material information from the Commission and the Bureau, failed to comply with a  
26 Commission order, and failed to have adequate funds to cover monies deposited by patrons or  
27 players. Additionally, as alleged in this Accusation and Statement of Issues, Mr. and Mrs.

1 Staats turned control and management of Palomar over to an unlicensed person. Pursuant to the  
2 Act and as a consequence of their acts and omissions, Respondents are unqualified for,  
3 disqualified from, and unsuitable for continued, or the renewal of their, licensure. Respondents'  
4 continued licensure is inimical to the public health, safety, and welfare and a danger to the  
5 effective regulation of controlled gambling.

#### 6 **JURISDICTION AND COST RECOVERY**

7 7. The Commission has jurisdiction over the operation and concentration of  
8 gambling establishments and all persons and things having to do with the operation of gambling  
9 establishments. (Bus. & Prof. Code, § 19811, subd. (b).)<sup>1</sup> The Act tasks the Bureau with,  
10 among other responsibilities, investigating suspected violations of the Act and initiating  
11 disciplinary actions. (Bus. & Prof. Code, §§ 19826, subds. (c) & (e) & 19930, subd. (b).) Upon  
12 the Bureau filing an accusation, the Commission proceeds under Government Code section  
13 11500 et seq. (Bus. & Prof. Code, § 19930, subd. (b); see Cal. Code Regs., tit. 4, § 12554, subd.  
14 (a).) The Commission's disciplinary powers include, among other things, revocation and  
15 imposition of a fine or monetary penalty. (Cal. Code Regs., tit. 4, § 12554, subd. (d).) The  
16 Commission may require that any matter of an adjudicative nature that the Commission is  
17 authorized to hear regarding the denial or revocation of a license be heard and determined in  
18 accordance with Government Code section 11500 et seq. (Bus. & Prof. Code, § 19825.)

19 8. In a matter involving revocation or suspension, the Bureau may recover its costs  
20 of investigation and prosecuting the proceeding. (Bus. & Prof. Code, § 19930, subd. (d).)

#### 21 **REGULATION, SUITABILITY, AND THE DUTY OF DISCLOSURE**

22 9. Operating a card room in California is a revocable privilege. (Bus. & Prof.  
23 Code, § 19801, subd. (k).) The Act provides for comprehensive regulation to prevent that  
24 privilege from being abused. Comprehensive regulation maintains the public trust that  
25 permissible gambling will not endanger the public health, safety, and welfare. That  
26

27 <sup>1</sup> The statutes and regulations applicable to this Accusation and Statement of Issues are  
28 quoted in pertinent part in Appendix A.

1 comprehensive regulation covers all persons, practices, and associations related to the operation  
2 of lawful gambling establishments. (Bus. & Prof. Code, § 19801, subd. (h).)

3 10. Under the Act, the Commission's responsibilities include assuring that no  
4 unqualified or disqualified person, or any person whose operations are conducted in a manner  
5 that is inimical to the public health, safety, and welfare, has any direct or indirect material  
6 involvement with a licensed gambling operation. (Bus. & Prof. Code, § 19823, subd. (a)(2).)

7 11. Determining whether a person is suitable, or whether a person has material  
8 involvement in a licensed gambling operation, begins with providing truthful information to the  
9 Bureau. Accordingly, the Act directs that every applicant for licensing or any approval required  
10 by the Act make full and true disclosure of all information necessary to carry out the state's  
11 policies relating to licensing and the control of gambling. (Bus. & Prof. Code, § 19866.)

12 12. The Act mandatorily disqualifies from licensure any person who fails "to reveal  
13 any fact material to qualification" or supplies untrue or misleading information. (Bus. & Prof.  
14 Code, § 19859, subd. (b).) Additionally, providing untrue or misleading information or failing  
15 to provide information and documentation requires revocation of an existing license. (Cal.  
16 Code Regs., tit. 4, § 12568, subd. (c)(4) [mandatory revocation of a state gambling license].)

17 13. The Act makes unqualified for licensure any person who is not of good  
18 character, honesty, and integrity. (Bus. & Prof. Code, § 19857, subd. (a).) The Act also makes  
19 unqualified for licensure any person whose prior activities and associations pose a threat to  
20 effective regulation and control of controlled gambling, or create or enhance the dangers of  
21 unsuitable, unfair, or illegal practices, methods, and activities in carrying on the business and  
22 financial arrangements incidental to the conduct of controlled gambling. (Bus. & Prof. Code, §  
23 19857, subd. (b).) The license of any person who becomes unqualified for licensure must be  
24 revoked. (Cal. Code Regs., tit. 4, § 12568, subd. (c)(3) [mandatory revocation of a state  
25 gambling license].)



1 **FIRST CAUSE FOR DISCIPLINE**

2 **(Unqualified for Continued Licensure)**

3 18. Respondents' gambling licenses are subject to discipline, pursuant to Business  
4 and Professions Code sections 19823, 19857, subdivisions (a) and (b), 19920, 19922, and  
5 19924, and California Code of Regulations, title 4, section 12568, subdivision (c)(3).

6 Respondents' continued licensure is inimical to public health, safety, and welfare. Respondents  
7 are not persons of good character, honesty, and integrity. Their prior activities pose a threat to  
8 the effective regulation and control of controlled gambling, and create or enhance the dangers  
9 of unsuitable, unfair, or illegal practices, methods, and activities in carrying on the business and  
10 financial arrangements incidental to the conduct of controlled gambling. Respondents' conduct  
11 in their dealings with the Commission and the Bureau demonstrate that they are unqualified for  
12 licensure. That conduct includes, but is not limited to, the following acts and omissions:

- 13 a. On August 28, 2013, the Commission conducted a hearing regarding  
14 Respondents' continued suitability for licensure. Prior to the hearing, Mr. Staats  
15 and Mrs. Staats each executed a power of attorney giving their daughter  
16 (Daughter) immediate authority to exercise powers, rights, or authority as a  
17 partner or manager of a partnership. The power of attorney covered, among  
18 other things, Palomar. The Daughter was not licensed under the Act, nor had she  
19 applied for a license. Respondents failed to disclose the existence and substance  
20 of the power of attorney to the Commission and Bureau until 2015.
- 21 b. Mr. Staats and Mrs. Staats lack the mental capacity to oversee Palomar's  
22 operations, to exercise control over the card room, and to fulfill their duties and  
23 responsibilities under the Act. Without notifying the Commission and the  
24 Bureau, they ceded oversight and control to the Daughter, who was unlicensed.
- 25 c. On September 5, 2013, the Commission issued its Decision and Order (Order) in  
26 Case No. CGCC-2012-0314-2, following a hearing regarding Respondents'  
27 licensure. In the Order, the Commission imposed a condition on Respondents'

1 continued licensure that any new card room lease, or renewal or modification of  
2 a lease, must have the Commission's approval prior to the effective date of the  
3 lease. Respondents failed to comply with that condition when they renegotiated  
4 the lease for Palomar Card Club.

5 d. In its Order, the Commission also imposed a condition on Respondents'  
6 continued licensure requiring notification, and interim licensing, with respect to  
7 any future incapacity of Mr. Staats and Mrs. Staats. Respondents failed to timely  
8 comply with that condition.

9 e. On December 9, 2015, after the United States seized certain accounts, Palomar  
10 lacked sufficient available funds to cover player funds and thus failed to comply  
11 with California Code of Regulations, title 11, section 2053, subdivision (c).

## 12 SECOND CAUSE FOR DISCIPLINE

### 13 (Failing To Reveal Material Information to the Bureau)

14 19. Respondents' gambling licenses are subject to discipline, pursuant to Business  
15 and Professions Code sections 19823, 19857, subdivisions (a) and (b), and 19859, subdivisions  
16 (a) and (b), and California Code of Regulations, title 4, section 12568, subdivisions (c)(3) and  
17 (4). Respondents' continued licensure is inimical to public health, safety, and welfare.  
18 Respondents are not persons of good character, honesty, and integrity. Their prior activities  
19 pose a threat to the effective regulation and control of controlled gambling, and create or  
20 enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in  
21 carrying on the business and financial arrangements incidental to the conduct of controlled  
22 gambling. Respondents breached their duty of full and true disclosure to the Commission and  
23 the Bureau. Respondents failed to reveal to, and concealed from, the Bureau material  
24 information regarding fulfilling their statutory duties, complying with the Commission's Order,  
25 and allowing an unlicensed person to oversee card room operations, including, but not limited  
26 to, the following:  
27  
28

- 1 a. On August 28, 2013, the Commission conducted a hearing regarding
- 2 Respondents' continued suitability for licensure. Prior to the hearing, Mr. Staats
- 3 and Mrs. Staats each executed a power of attorney giving their daughter
- 4 (Daughter) immediate authority to exercise powers, rights, or authority as a
- 5 partner or manager of a partnership. The power of attorney covered, among
- 6 other things, Palomar. The Daughter was not licensed under the Act, nor had she
- 7 applied for a license. Respondents failed to disclose the existence and substance
- 8 of the power of attorney to the Commission and Bureau until 2015.
- 9 b. Mr. Staats and Mrs. Staats lack the mental capacity to oversee Palomar's
- 10 operations, to exercise control over the card room, and to fulfill their duties and
- 11 responsibilities under the Act. Without notifying the Commission and the
- 12 Bureau, they ceded oversight and control to the Daughter, who was unlicensed.
- 13 c. In the Order, the Commission imposed a condition on Respondents' continued
- 14 licensure requiring notification, and interim licensing, with respect to any future
- 15 incapacity of Mr. Staats and Mrs. Staats. Respondents failed to timely comply
- 16 with that condition.

17 **THIRD CAUSE OF ACTION FOR REVOCATION**

18 **(Failure to Have Sufficient Monies on Hand to Cover Players' Funds on Deposit)**

19 20. Respondents' licenses are subject to revocation pursuant to Business and  
20 Professions Code sections 19857, 19920, 19922 and 19924, and California Code of  
21 Regulations, title 11, section 2053, subdivision (c), in that Respondents failed to have sufficient  
22 monies readily available at Palomar in an amount not less than the total amount of monies that  
23 players and patrons of that gambling establishment had on deposit with the gambling  
24 establishment.

25 **FACTORS IN AGGRAVATION**

26 21. In 2013, the Commission considered evidence, and concluded, that Respondents  
27 allowed the Palomar Card Room to be managed and operated in a manner that was not

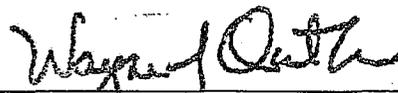
1 permissible under the Act and regulations adopted pursuant to the Act. The Commission  
2 concluded that Respondents' failure to operate the card room using suitable methods of  
3 operation, and failure to maintain adequate security controls, posed a threat to the public interest  
4 and to the effective regulation and control of controlled gambling. The Commission further  
5 concluded that such deleterious conduct warranted the imposition of conditions on  
6 Respondents' continued licensure. As alleged above, Respondents failed to comply with the  
7 some of the conditions. Additionally, Respondents concealed from the Commission and the  
8 Bureau that they had ceded their managerial powers to their unlicensed Daughter.

9 **PRAYER**

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

- 12 1. Revoking, and denying renewal of, California State Gambling License Number  
13 GEGE-001008, issued to Respondent Palomar Card Club;
- 14 2. Revoking, and denying renewal of, California State Gambling License Number  
15 GEOW-002374, issued to Respondent Donald Staats;
- 16 3. Revoking, and denying renewal of, California State Gambling License Number  
17 GEOW-002375, issued to Respondent Susan Staats;
- 18 4. Fining Respondents, jointly and severally, according to proof and to the  
19 appropriate extent allowed by law;
- 20 5. Awarding Complainant the costs of investigation and costs of bringing this  
21 Accusation and Statement of Issues before the Commission, including attorneys fees, pursuant  
22 to Business and Professions Code section 19930, subdivisions (d) and (f), in a sum according to  
23 proof; and
- 24 6. Taking such other and further action as the Commission may deem appropriate.

25  
26 Dated: December 14, 2015



27 WAYNE J. QUINT, JR., Chief  
28 Bureau of Gambling Control  
California Department of Justice



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

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

4. Business and Professions Code section 19825 provides:

The commission may require that any matter that the commission is authorized or required to consider in a hearing or meeting of an adjudicative nature regarding the denial, suspension, or revocation of a license, permit, or a finding of suitability, be heard and determined in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

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

The department<sup>[2]</sup> . . . shall have all of the following responsibilities:

\* \* \*

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

\* \* \*

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

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

(a) Upon the filing with the Commission of an accusation by the Bureau recommending revocation, suspension, or other discipline of a holder of a license, registration, permit, finding of suitability, or approval, the Commission shall proceed under Chapter 5 (commencing with section 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:

---

<sup>2</sup> "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd. (h).)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

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

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

\* \* \*

(5) Impose any fine or monetary penalty consistent with Business and Professions Code sections 19930, subdivision (c), and 19943, subdivision (b)

**Cost Recovery Provisions**

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

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

\* \* \*

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

(1) The costs assessed pursuant to this subdivision shall be fixed by the administrative law judge and may not be increased by the commission. When 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 department 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 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.

\* \* \*

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

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

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

6 **Specific Statutory and Regulatory Provisions**

7 8. Business and Professions Code, section 19801 provides, in part:

8 (h) Public trust and confidence can only be maintained by strict  
9 comprehensive regulation of all persons, locations, practices,  
10 associations, and activities related to the operation of lawful gambling  
11 establishments and the manufacture and distribution of permissible  
12 gambling equipment.

13 (i) All gambling operations, all persons having a significant  
14 involvement in gambling operations, all establishments where gambling  
15 is conducted, and all manufacturers, sellers, and distributors of gambling  
16 equipment must be licensed and regulated to protect the public health,  
17 safety, and general welfare of the residents of this state as an exercise of  
18 the police powers of the state.

19 \* \* \*

20 (k) In order to effectuate state policy as declared herein, it is  
21 necessary that gambling establishments, activities, and equipment be  
22 licensed, that persons participating in those activities be licensed or  
23 registered, that certain transactions, events, and processes involving  
24 gambling establishments and owners of gambling establishments be  
25 subject to prior approval or permission, that unsuitable persons not be  
26 permitted to associate with gambling activities or gambling  
27 establishments . . . . Any license or permit issued, or other approval  
28 granted pursuant to this chapter, is declared to be a revocable privilege,  
and no holder acquires any vested right therein or thereunder.

9. Business and Professions Code section 19850 provides, in part:

Every person . . . who receives, directly or indirectly, any  
compensation or reward, or any percentage or share of the money or  
property played, for keeping, running, or carrying on any controlled  
game in this state, shall apply for and obtain from the commission, and  
shall thereafter maintain, a valid state gambling license, key employee  
license, or work permit . . . . In any criminal prosecution for violation of  
this section, the punishment shall be as provided in Section 337j of the  
Penal Code.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

10. Business and Professions Code section 19852 provides, in part:

[A]n owner of a gambling enterprise that is not a natural person shall not be eligible for a state gambling license unless each of the following persons individually applies for an obtains a state gambling license:

\* \* \*

(d) If the owner is a partnership, then every general . . . partner of, and every trustee or person . . . having or acquiring a direct or beneficial interest, in that partnership owner.

\* \* \*

(i) Every employee, agent, guardian, personal representative, lender, or holder of indebtedness of the owner who, in the judgment of the commission, has the power to exercise significant influence over the gambling operation.

11. Business and Professions Code section 19855 provides, in part:

[E]very person who, by statute or regulation, is required to hold a state license shall obtain the license prior to engaging in the activity or occupying the position with respect to which the license is required.

12. Business and Professions Code section 19857 provides:

No gambling license shall be issued unless, based on all the information and documents submitted, the commission is satisfied that the applicant is all of the following:

(a) A person of good character, honesty and integrity.

(b) A person whose prior activities, criminal record, if any, reputation, habits, and associations do not pose a threat to the public interest of this state, or to the effective regulation and control of controlled gambling, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of controlled gambling or in the carrying on of the business and financial arrangements incidental thereto.

(c) A person that is in all other respects qualified to be licensed as provided in this chapter.

13. Business and Professions Code section 19859 provides, in part:

The commission shall deny a license to any applicant who is disqualified for any of the following reasons:

(a) Failure of the applicant to clearly establish eligibility and qualification in accordance with this chapter.

1 (b) Failure of the applicant to provide information,  
2 documentation, and assurances required by the Chief, or failure of  
3 the applicant to reveal any fact material to qualification, or the  
4 supplying of information that is untrue or misleading as to a material  
5 fact pertaining to the qualification criteria.

6 14. Business and Professions Code section 19866 provides:

7 An applicant for licensing or for any approval or consent required  
8 by this chapter, shall make full and true disclosure of all information  
9 to the department and the commission as necessary to carry out the  
10 policies of this state relating to licensing, registration, and control of  
11 gambling.

12 15. Business and Professions Code section 19920 provides:

13 It is the policy of the State of California to require that all  
14 establishments wherein controlled gambling is conducted in this state  
15 be operated in a manner suitable to protect the public health, safety,  
16 and general welfare of the residents of the state. The responsibility for  
17 the employment and maintenance of suitable methods of operation  
18 rests with the owner licensee, and willful or persistent use or toleration  
19 of methods of operation deemed unsuitable by the commission or by  
20 local government shall constitute grounds for license revocation or  
21 other disciplinary action.

22 16. Business and Professions Code section 19922 provides:

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

26 17. Business and Professions Code section 19924 provides:

27 Each owner licensee shall maintain security controls over the  
28 gambling premises and all operations therein related to gambling, and  
those security controls are subject to the approval of the commission.

29 18. California Code of Regulations, title 4, section 12556, subdivision (c), provides, in  
30 part:

31 A state gambling license, finding of suitability, or approval granted  
32 by the Commission . . . and an owner license for a gambling  
33 establishment if the owner licensee has committed a separate violation  
34 from any violations committed by the gambling establishment shall be  
35 subject to revocation by the Commission on any of the following  
36 grounds:

\* \* \*

(3) If the Commission finds the holder no longer meets any criterion for eligibility, qualification, suitability or continued operation, including those set forth in Business and Professions Code section 19857, 19858, or 19880, as applicable, or

(4) If the Commission finds the holder currently meets any of the criteria for mandatory denial of an application set forth in Business and Professions Code sections 19859 or 19860.

19. California Code of Regulations, title 11, section 2053, provides:

(a) The Bureau may require a gambling establishment to present satisfactory evidence that there is adequate financing available to protect the public's health, safety and welfare.

(b) A gambling establishment shall maintain a separate, specifically designated, insured account with a licensed financial institution in an amount not less than the total value of the chips in use by the gambling establishment. The funds in that account may only be used to redeem the chips of that gambling establishment. That account may not be used as collateral, or encumbered or hypothecated in any fashion. Alternatively, the Bureau may allow the gambling establishment to provide some other form of security acceptable to the Bureau, in lieu of maintaining the required account.

(c) A gambling establishment shall maintain a separate, specifically designated, insured account with a licensed financial institution in an amount not less than the total amount of monies that patrons of that gambling establishment have on deposit with the gambling establishment. The funds from that account may only be used to return to the patrons the balance of the monies on deposit with the gambling establishment. That account may not be used as collateral or encumbered or hypothecated in any fashion. Alternatively, the Bureau may allow the gambling establishment to provide some other form of security acceptable to the Bureau, in lieu of maintaining the required amount.

**DECLARATION OF SERVICE BY E-MAIL and U.S. Mail**

**Case Name:** In the Matter of the Accusation and Statement of Issues Against PALOMAR CARD CLUB, et al.

**Case No.:** BGC-HQ2015-00005AC

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service with postage thereon fully prepaid that same day in the ordinary course of business.

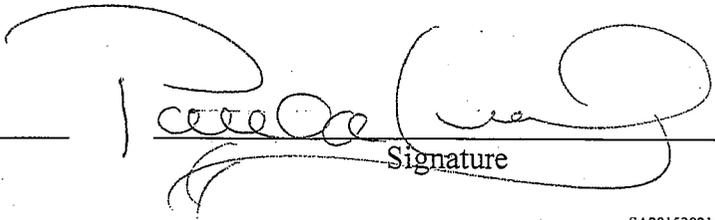
On December 14, 2015, I served the attached **ACCUSATION AND STATEMENT OF ISSUES (Replacing Accusation filed October 8, 2015)** by transmitting a true copy via electronic mail. In addition, I placed a true copy thereof enclosed in a sealed envelope, in the internal mail system of the Office of the Attorney General, addressed as follows:

**Dorn G. Bishop**  
**Law Offices of Dorn G. Bishop**  
**4660 La Jolla Village Drive, Suite 500**  
**San Diego, CA 92122**

**Keith A. Sharp**  
**Falk & Sharp**  
**199 South Los Robles Avenue, Suite 600**  
**Pasadena, CA 91101**

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on December 14, 2015, at Sacramento, California.

\_\_\_\_\_  
Paula Corral  
Declarant

  
\_\_\_\_\_  
Signature