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

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14 **In the Matter of the Accusation Against:**  
15 **LUCKY CHANCES, INC., dba**  
16 **LUCKY CHANCES CASINO**  
17 **1700 Hillside Boulevard**  
**Colma, CA 94044**  
18 **LICENSE NUMBER GEGE-001108**  
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BGC Case No. SA08-00023  
OAH No. 2011-03-0417  
**STIPULATED SETTLEMENT AND  
DISCIPLINARY ORDER**

21 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-  
22 entitled proceeding that the following matters are true:

23 **PARTIES**

24 1. At the time this action was brought, Jacob A. Appelsmith was the Chief of the  
25 Bureau of Gambling Control, California Department of Justice ("Bureau"). He brought this  
26 action solely in his official capacity. On or about January 3, 2011, Martin J. Horan IV, became  
27 Acting Chief of the Bureau and is now the complainant in this action solely in his official  
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1 capacity. Acting Chief Horan is represented in this matter by Kamala D. Harris, Attorney  
2 General of the State of California, by Neil D. Houston, Deputy Attorney General.

3 2. Lucky Chances, Inc. (Respondent), is an active California corporation, Number  
4 C1833044, which owns and operates the gambling enterprise known as the Lucky Chances  
5 Casino, 1700 Hillside Boulevard, Colma, CA 94044. Respondent is presently the holder of  
6 Owner's Gambling License No. GEGE-001108, issued by the California Gambling Control  
7 Commission ("Commission"). Said license was in full force and effect at all times relevant  
8 herein and will expire on September 30, 2011, unless renewed.

9 3. Accusation No. BGC SA08-00023 was filed before the Commission on or about  
10 January 11, 2011. The Accusation and all other statutorily required documents were properly  
11 served on Respondent on December 31, 2010. Respondent timely filed a Notice of Defense  
12 contesting the Accusation. A First Amended Accusation No. BGC SA08-00023, OAH No.  
13 2011-03-0417 was filed before the Commission on or about August 19, 2011. The First  
14 Amended Accusation was properly served on Respondent on June 24, 2011. A copy of First  
15 Amended Accusation No. BGC SA08-00023 is attached as Exhibit A and is incorporated herein  
16 by this reference. A hearing on the First Amended Accusation was set for September 20, 2011.

17 Prior to the hearing, the parties entered into this Stipulated Settlement and Disciplinary  
18 Order ("Stipulation"), and the hearing was taken off-calendar.

19 4. The parties agree that the Commission has jurisdiction over this matter and has  
20 authority to approve this Stipulated Settlement and Disciplinary Order ("Stipulation").

#### 21 CONTINGENCY

22 5. This Stipulation is subject to final approval by the Commission. This Stipulation  
23 shall be submitted by the Bureau to the Commission for approval at a noticed Commission  
24 meeting. Respondent shall be provided with written notice of the time, date, and place of the  
25 meeting at which this Stipulation will be considered by the Commission. Respondent  
26 understands and agrees that Respondent may not withdraw its agreement or seek to rescind the  
27 Stipulation prior to the time the Commission considers and acts upon it. If the Commission  
28 fails to adopt this Stipulation as its decision and order, the Stipulation shall be of no force or

1 effect, except that Complainant and Respondent agree that this Stipulation shall be inadmissible  
2 in any legal action between the parties or for any purpose, and the Commission shall not be  
3 disqualified from further action by having considered this matter.

4 6. If the Commission rejects this Stipulation as its decision and order, and no amended  
5 agreement or settlement is reached before two additional regularly noticed Commission  
6 meetings have concluded or sixty (60) days have elapsed, whichever is later, the Bureau shall  
7 proceed with a formal evidentiary hearing of the charges in Accusation No. BGC SA2008-  
8 00036, before an Administrative Law Judge from the Office of Administrative Hearings.

#### 9 **ADVISEMENT AND WAIVERS**

10 7. Respondent has carefully read this Stipulation, and has been afforded the  
11 opportunity to review and discuss its terms with counsel or other advisor(s) of Respondent's  
12 choice. Respondent fully understands the charges and allegations in First Amended Accusation  
13 No. BGC SA08-00023, and Respondent fully understands the effects of this Stipulation.

14 8. Respondent is fully aware of its legal rights in this matter, including the right to an  
15 administrative/evidentiary hearing on the charges and allegations in the First Amended  
16 Accusation; the right to confront and cross-examine witnesses; the right to present evidence and  
17 to testify; the right to the issuance of subpoenas to compel the attendance of witnesses and the  
18 production of documents; the right to reconsideration and court review of an adverse decision;  
19 and all other rights accorded by the California Administrative Procedure Act and other  
20 applicable laws.

21 9. Respondent voluntarily, knowingly, and intelligently waives and gives up each and  
22 every right set forth in paragraph 8, above, with respect to this matter and forever gives up any  
23 right to challenge the allegations in the Accusation, to appeal, and to challenge or collaterally  
24 attack the terms of this Stipulation.

25 10. Respondent agrees that counsel for the Bureau and the staff of the Bureau may  
26 communicate directly with Commission staff regarding this Stipulation, without notice to, or  
27 participation by, Respondent or its counsel or other adviser(s) of choice prior to the  
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1 Commission's consideration of this stipulation at a noticed Commission meeting, and that no  
2 such communications shall be deemed a prohibited ex parte communication.

3 **CULPABILITY**

4 11. Except as expressly denied herein, Respondent admits the truth of the facts alleged  
5 in the First Cause for Discipline. Respondent disputes, but chooses not to contest, the application  
6 of law to those facts that are alleged in the First Cause for Discipline. Respondent denies that it  
7 knew, prior to notification by the Bureau of Gambling Control on or about March 10, 2008, that  
8 Bay Area Player's Group, Inc. ("Bay Area"), at any time prior to that date provided third party  
9 proposition player services using unregistered or unlicensed employees, and/or employees who  
10 displayed fraudulent badges that had not been issued by the Commission. When Respondent  
11 became aware of the fraudulent badges, Respondent terminated Bay Area Player's Group and  
12 contracted with another company, prior to the filing of any proceeding by the Bureau.

13 12. Except as expressly denied herein, Respondent admits the truth of each and every  
14 charge and allegation made as to it in the Second Cause for Discipline. Respondent denies that  
15 it permitted Bay Area's employees to provide third-party proposition player services for the  
16 game of "Pure 21.5 Blackjack" in violation of California Code of Regulations, title 4, section  
17 12200.7, subdivision (b)(3) between the dates of January 25, 2008 and February 19, 2008.

18 13. Except as expressly denied herein, Respondent admits the truth of the facts alleged  
19 in the Third Cause for Discipline. Respondent disputes, but chooses not to contest the  
20 application of law to those facts that are alleged in the Third Cause for Discipline. Respondent  
21 contends that there was an approved contract with Wagermaster, Inc., and also an approved  
22 contract with the successor company, Fortune Players Group, but that the transition from one  
23 company to the next did not occur on the date scheduled with the Bureau.

24 14. Respondent agrees that License GEGE-001108 is subject to discipline on the basis  
25 of the foregoing, and agrees to be bound by the Commission's imposition of discipline as set  
26 forth in the Disciplinary Order below.

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**OTHER MATTERS**

15. The parties understand and agree that electronically transmitted copies of this Stipulated Settlement and Disciplinary Order, including electronically transmitted signatures thereto, shall have the same force and effect as the originals. This Stipulation may be executed in counterparts that when combined shall have the same force and effect as a single original document.

**DISCIPLINARY ORDER**

In consideration of the foregoing agreements, admissions, and stipulations, the parties agree that the Commission may issue and enter the following Disciplinary Order:

IT IS HEREBY ORDERED that:

1. **Penalty.** Respondent shall pay a fine of \$38,000.00. Respondent shall lodge with Complainant's counsel, within five (5) business days after the execution of this Stipulation by all parties, a cashier's check payable to the Bureau of Gambling Control in the amount of \$38,000.00 in payment of said fine. This cashier's check shall not be deposited or cashed until the Commission has entered this Disciplinary Order. In the event the Commission does not adopt this Stipulated Settlement and Disciplinary Order, the cashier's check shall be promptly returned to Respondent's counsel.

2. **Reimbursement of Bureau Costs.** Respondent shall pay the Bureau the sum of \$29,500 as reasonable costs for the investigation and prosecution of this matter. Respondent shall lodge with Complainant's counsel, within five (5) business days after the execution of this Stipulation by all parties, a cashier's check payable to the Bureau of Gambling Control in the amount of \$29,500 in payment of said costs. This cashier's check shall not be deposited or cashed until the Commission has entered this Disciplinary Order. In the event the Commission does not adopt this Stipulated Settlement and Disciplinary Order, the cashier's check shall be promptly returned to Respondent's counsel. The payment of costs described in this paragraph may, at Respondent's option, be combined in a single check with the payment of the fine described in paragraph 1, above, in the total amount of \$67,500.00.

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3. **Effect of Disciplinary Order on Subsequent Violations.** Entry of this Disciplinary Order shall not be deemed prior discipline for purposes of California Code of Regulations, title 4, section 12566(c), but may be offered as a factor in aggravation of penalty under California Code of Regulations, title 4, section 12556, subdivision (i).

4. **Effective Date.** This Order shall become effective upon service<sup>1</sup> on Respondent of written notice of the Commission's adoption of this Stipulated Settlement and Disciplinary Order.

**ACCEPTANCE**

The undersigned has carefully read the above Stipulated Settlement and Disciplinary Order and has been given the opportunity to review it with an attorney or other advisor of its choice. The undersigned understands the Stipulation and the effect it will have on State Gambling License GEGE-001108. The undersigned enters into this Stipulation and Disciplinary Order voluntarily, knowingly, and intelligently. All corporate formalities required to make this Stipulation and Disciplinary Order binding upon the Respondent when executed by the undersigned have been undertaken and completed, and Respondent agrees to be bound by the Order of the Commission upon the signature of the undersigned.

Dated: September 18, 2011.

LUCKY CHANCES, INC.

Rommel Medina

By: ROMMEL MEDINA

Title: CEO

<sup>1</sup> As used herein, the term "service" shall mean the date of mailing.

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COMPLAINANT'S ACCEPTANCE

Dated: September 16, 2011



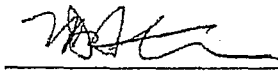
MARTIN J. HORAN IV, Acting Chief  
Bureau of Gambling Control

ENDORSEMENT

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the California Gambling Control Commission.

Dated: September 19, 2011

KAMALA D. HARRIS  
Attorney General of the State of California

By: 

NEIL D. HOUSTON  
Deputy Attorney General  
Attorneys for Complainant

Dated: September \_\_\_\_\_, 2011.

BLONIEN AND ASSOCIATES, INC.

By: \_\_\_\_\_

RODNEY J. BLONIEN  
Attorneys for Respondent

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COMPLAINANT'S ACCEPTANCE

Dated: September \_\_\_\_\_, 2011

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MARTIN J. HORAN IV, Acting Chief  
Bureau of Gambling Control

ENDORSEMENT

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the California Gambling Control Commission.

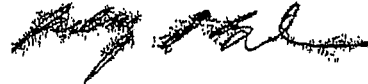
Dated: September \_\_\_\_\_, 2011

KAMALA D. HARRIS  
Attorney General of the State of California

By: \_\_\_\_\_  
NEIL D. HOUSTON  
Deputy Attorney General  
Attorneys for Complainant

Dated: September \_\_\_\_\_, 2011

BLONIEN AND ASSOCIATES, INC.

By:   
\_\_\_\_\_  
RODNEY J. BLONIEN  
Attorneys for Respondent

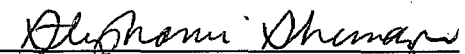


DECISION AND ORDER

DECISION AND ORDER OF THE COMMISSION:

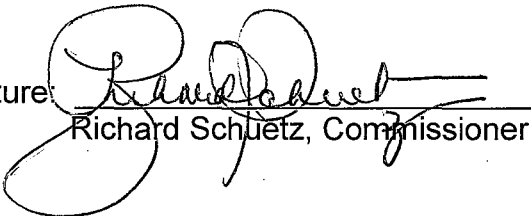
The foregoing Stipulated Settlement of the parties "In the Matter of the Accusation Against Lucky Chances, Inc., dba Lucky Chances Casino, License Number GEGE-001108" OAH Case No. 2011-03-0417 has been adopted by a majority vote of the Commission as its final decision and order in this matter and is effective upon execution below by the Commission members.

IT IS SO ORDERED

Dated: Nov. 10, 2011 Signature:   
Stephanie Shimazu, Chairperson

Dated: \_\_\_\_\_ Signature: \_\_\_\_\_  
Tiffany E. Conklin, Commissioner

Dated: Nov. 10, 2011 Signature:   
Lauren Hammond, Commissioner

Dated: Nov. 10, 2011 Signature:   
Richard Schuetz, Commissioner