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 8 *California Department of Justice, Bureau of*  
*Gambling Control*

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

14 **In the Matter of the Accusation and**  
 15 **Statement of Issues Against:**

16 **GARDEN CITY, INC., doing business as**  
 17 **CASINO M8TRIX (GEGE-000410);**  
 18 **ERIC G. SWALLOW (GEOW-001330);**  
 19 **PETER V. LUNARDI III (GEOW-001331);**  
 20 **JEANINE LYNN LUNARDI (GEOW-**  
 21 **003119); and**  
 22 **THE LUNARDI FAMILY LIVING TRUST,**  
 23 **dated August 27, 2008 (GEOW-003259).**  
 24 **1887 Matrix Boulevard**  
**San Jose, CA 95110**

**Respondents.**

OAH No. 2014060129

Case No. BGC Case No. HQ2014-00001AL

**STIPULATED SETTLEMENT, DECISION  
 AND ORDER**

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**STIPULATED SETTLEMENT**

**PURPOSE OF STIPULATED SETTLEMENT**

This Stipulated Settlement resolves finally and entirely the First Amended Accusation and Statement of Issues dated July 21, 2015 (Charging Pleading), as it pertains to Respondent Eric G. Swallow (Swallow) in the above-entitled matter,<sup>1</sup> the California Gambling Control Commission’s (Commission) Decision and Order After Nonadoption dated May 26, 2016, and effective June 27, 2016 (Decision and Order, attached as Exhibit A), any and all related litigation as described below (see ¶ 3), and any and all unresolved claims and issues related to that litigation<sup>2</sup> or the above-entitled matter, including but not limited to, the issue of penalties, fines, fees, and costs (see ¶ 5). It is the intent of this Stipulated Settlement that, except as amended or modified herein, the Decision and Order shall remain intact as the final resolution of the above-entitled matter.

**PARTIES**

1. Wayne Quint filed the Charging Pleading in the above-entitled matter solely in his official capacity as the then Chief, Department of Justice, Bureau of Gambling Control (Bureau). Yolanda Morrow is now the Director of the Bureau and is acting solely in her official capacity as Director (Complainant) in entering into this Stipulated Settlement and submitting it to the Commission for consideration and approval.

2. Swallow was a licensed 50-percent owner of Casino M8trix, a gambling enterprise. Swallow held license number GEOW-001330. In the Decision and Order, the Commission revoked Swallow’s gambling license and denied his application to renew the license, and imposed a monetary penalty of \$13,672,000.

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<sup>1</sup> On May 14, 2015, the Commission approved a Stipulated Settlement; Decision and Order that resolved Complainant’s causes for discipline against Respondents Garden City, Inc., Lunardis, and the Lunardi Family Living Trust. Those respondents are not parties to this Stipulated Settlement.

<sup>2</sup> Although the Department of Justice, Bureau of Gambling Control, was not a party to the judicial litigation described in paragraph 3, final resolution of all litigation concerning this matter to which the Commission is or could be a party, vindicates the Bureau of Gambling Control’s independent interest as the Complainant under Business and Professions Code section 19930, subdivision (b), to assure that this is the complete and final resolution of this matter consistent with its responsibilities under Business and Professions Code section 19826, subdivisions (b) and (e).





**STIPULATED AGREEMENT OF SETTLEMENT**

11. Except as amended and modified herein, the Decision and Order is final for all purposes and will not be subject to further challenge by Swallow.

12. The Bureau and Swallow agree that the remedial provisions of the Decision and Order pertaining to a monetary penalty are amended as follows:

a. The monetary penalty set forth in the Decision and Order is amended as follows. The penalty set forth in paragraph 49 of the Decision and in paragraph 4 of the Order, \$13,672,000.00, is modified and reduced to **\$650,000.00** in fines or penalties. The cost award set forth in paragraph 57 of the Decision and in paragraph 5 of the Order, \$127,880.00 is modified and increased to **\$350,000.00** in costs. So modified, the penalties/fines and costs shall be paid to the Bureau as set forth below.

b. Although the Bureau is not a party to the escrow agreement, the Bureau and Swallow agree that, upon approval of this Stipulated Settlement by the Commission, the fines/penalties and the costs shall be paid to the Bureau from the approximately **\$13,799,880.00** held in escrow pursuant to an agreement between Swallow and the Commission. The fines/penalties and the costs shall be paid to the Bureau from the funds in the escrow account, and thereafter the balance of the escrow funds, including any interest accrued thereon, shall be released to Swallow. The fines/penalties and costs so paid will be deposited in accordance with Business and Professions Code section 19950, subdivision (a).

c. Swallow shall be banned for life from licensure under the California Gambling Control Act, as that Act may be amended or replaced from time to time.

d. Swallow assents to the Decision and Order's revocation of his statewide gambling license and the decision to deny his application for renewal of that license. Swallow will cease contesting the revocation of his gambling license and the non-renewal of that license, and the fines/penalties and costs set forth herein. Swallow waives any right to further contest this matter in any way as set forth in paragraphs 7, 8, and 9 above.

1           13. Except as otherwise provided in this Stipulated Settlement, the Bureau waives any  
2 further monetary penalties, fines, costs and attorneys' fees with respect to the underlying  
3 administrative proceedings described above.

4           14. The parties agree that this Stipulated Settlement fully resolves their dispute  
5 concerning the Decision and Order, any issues relating to the orders of the superior court and the  
6 appellate court (Exhs. B, C, D & E), and that, except upon default of this Stipulated Settlement,  
7 no further discipline, including revocation or suspension, shall be sought against Swallow based  
8 solely upon the factual and legal findings in the Decision and Order. As set forth in paragraph 8,  
9 above, Swallow expressly waives any right to judicial, administrative, or other review of any  
10 matter related to or covered by this Stipulated Settlement, including but not limited to monetary  
11 fines/penalties, costs, fees, and whether Swallow was disciplined based upon unproven conduct,  
12 as referenced in the superior court order remanding the case to the Commission (Exh. E).

13           15. This Stipulated Settlement shall be subject to adoption by the Commission. Swallow  
14 understands and specifically agrees that counsel for the Bureau, as well as the Bureau's staff, may  
15 communicate directly with the Commission regarding this Stipulated Settlement without notice  
16 to, or participation by, Swallow or his counsel, and that no such communication shall be deemed  
17 a prohibited ex parte communication. Swallow specifically acknowledges and agrees that such  
18 communications are permissible pursuant to Government Code section 11430.30, subdivision (b).

19           16. By signing this Stipulated Settlement, Swallow understands and agrees that he may  
20 not withdraw his agreement or seek to rescind the Stipulated Settlement prior to the time the  
21 Commission considers and acts upon it. If the Commission fails to adopt this Stipulated  
22 Settlement, this Stipulated Settlement shall be of no force or effect, and, except for actions taken  
23 pursuant to this paragraph and paragraph 15 above, it shall be inadmissible in any legal action  
24 between the parties. The Commission's consideration of this Stipulated Settlement shall not  
25 disqualify it from any further action regarding Swallow's licensure, including, issuing a decision  
26 and order consistent with the Appellate Decision, and as remanded to the Commission by the  
27 superior court (Exh. E).

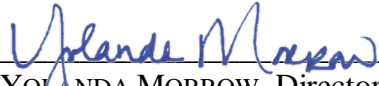
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**DIRECTOR’S ACCEPTANCE**

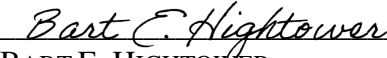
Dated: July 10, 2024

  
\_\_\_\_\_  
YOLANDA MORROW, Director  
Bureau of Gambling Control  
California Department of Justice

The foregoing Stipulated Settlement is respectfully submitted to the California Gambling Control Commission for consideration.

Dated: July 10, 2024

ROB BONTA  
Attorney General of California  
T. MICHELLE LAIRD  
Senior Assistant Attorney General

  
\_\_\_\_\_  
BART E. HIGHTOWER  
Deputy Attorney General  
Attorneys for Complainant



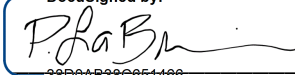
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**DECISION AND ORDER OF THE COMMISSION**

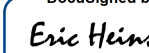
The California Gambling Control Commission hereby adopts the foregoing Stipulated Settlement of the parties for the BGC Case No. HQ2014-0001AL, as its final decision and order in the matter to be effective upon execution below by its members.

**IT IS SO ORDERED.**


Dated: 8/22/2024 \_\_\_\_\_

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PAULA D. LABRIE, CHAIRPERSON

Dated: 8/22/2024 \_\_\_\_\_

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ERIC C. HEINS, COMMISSIONER

Dated: 8/22/2024 \_\_\_\_\_

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EDWARD YEE, COMMISSIONER

Dated: \_\_\_\_\_

STACEY LUNA BAXTER, COMMISSIONER

Dated: 8/22/2024 \_\_\_\_\_

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WILLIAM LIU, COMMISSIONER

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