

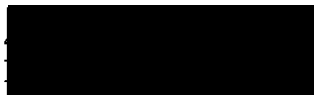
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9 **BEFORE THE**
10 **CALIFORNIA GAMBLING CONTROL COMMISSION**
11 **STATE OF CALIFORNIA**

12
13 **In the Matter of the Application for a Key
Employee License for:**

14 **NADER TAFTY,**
15 **GEKE-002179**



16
17 Respondent.

Case No. CGCC-2017-1218-16

BGC Case No. BGC-HQ2018-00019SL

18 **STATEMENT OF REASONS**

Hearing: July 25, 2018, at 2:00 p.m.
Prehearing: June 8, 2018, at 10:00 a.m.
Location: 2399 Gateway Oaks Dr.
Suite 100
Sacramento, CA 95833

19
20
21 Complainant alleges as follows:

22 **PARTIES**

23 1. Stephanie Shimazu (Complainant) brings this Statement of Reasons solely in her
24 official capacity as the Director of the California Department of Justice, Bureau of Gambling
25 Control (Bureau).

26 2. On February 19, 2016, Respondent Nader Tafty (Respondent) submitted an Application
27 for Interim Key Employee License (Application) to the Bureau. Respondent's Interim Key
28

1 Employee License No. GEKE-002179 was issued by the California Gambling Control
2 Commission (Commission) on February 23, 2016.

3 3. On or about January 10, 2018, the Bureau submitted its Cardroom Key Employee
4 Investigative Report on Respondent to the Commission, recommending denial of Respondent's
5 Respondent.

6 4. On April 12, 2018, the Commission considered the Application and referred this matter
7 to an evidentiary hearing pursuant to California Code of Regulations, title 4, section 12054,
8 subdivision (a)(2).

9 5. On April 12, 2018, Respondent submitted his Notice of Defense to the Commission
10 and Bureau, requesting an evidentiary hearing.

11 **JURISDICTION**

12 6. The Commission has jurisdiction over the operation and concentration of gambling
13 establishments and all persons and things having to do with the operation of gambling
14 establishments. (Bus. & Prof. Code, § 19811, subd. (b).)¹ The Commission's responsibilities
15 include assuring that licenses are not issued to unqualified or disqualified persons and that no
16 unqualified or disqualified person is materially involved with a licensed gambling operation.
17 (Bus. & Prof. Code, § 19823, subd. (a).) The Commission has all powers necessary and proper to
18 carry out the Gambling Control Act's (Act) policies and purposes, including the powers to deny
19 any application for a license and to take actions to ensure that no ineligible, unqualified,
20 disqualified, or unsuitable persons are associated with controlled gambling activities. (Bus. &
21 Prof. Code, § 19824, subds. (b) & (d).)

22 **BURDEN OF PROOF**

23 7. The burden of proving his qualifications for licensure is on Respondent. (Bus. & Prof.
24 Code, § 19856, subd. (a).)

25
26
27 ¹ The statutes and regulations applicable to this Statement of Reasons are quoted in
28 pertinent part in Appendix A.

1 **FIRST CAUSE FOR DENIAL OF APPLICATION**

2 **(Unqualified for Licensure)**

3 8. Respondent's Application is subject to denial because he is unqualified for licensure for
4 the following reasons, among others:

5 a. Respondent previously admitted to violating the Act. In 2010, he applied for
6 licenses related to certain interests in Delta Casino in Stockton. The Bureau recommended
7 denial of his applications due to Respondent's failing to explain the source of funds he used
8 to purchase his interest in the cardroom, failure to appropriately report cardroom finances,
9 comingling personal funds with cardroom funds, and failing to establish eligibility. (*In the*
10 *Matter of the Statement of Issues Against: Nader H. Tafty*, Statement of Issues (Jan. 11,
11 2012) BGC Case No. BGC-HQ2011-00002,
12 <http://www.cgcc.ca.gov/documents/adminactions/pleading/GEOW-003241_pleading.pdf>
13 (Statement of Issues), pp. 5-7.)² On August 1, 2012, Respondent entered into a stipulated
14 settlement with the Bureau in which he admitted to all of the Bureau's allegations. (*In the*
15 *Matter of the Statement of Issues Against: Nader H. Tafty*, Stipulated Settlement; Decision
16 and Order (Dec. 13, 2012) BGC Case No. BGC-HQ2011-00002, OAH Case No.
17 2012030444 <[http://www.cgcc.ca.gov/documents/adminactions/decision/GEOW-](http://www.cgcc.ca.gov/documents/adminactions/decision/GEOW-003241_decision.pdf)
18 [003241_decision.pdf](http://www.cgcc.ca.gov/documents/adminactions/decision/GEOW-003241_decision.pdf)> (Decision and Order), p. 4, ¶ 11.)³ The Commission adopted, and
19 incorporated, the stipulated settlement into its Decision and Order denying Respondent's
20 application on December 13, 2013.

21 b. Respondent violated the Commission's Decision and Order. In addition to
22 admitting the Bureau's allegations, "Respondent agree[d] that he shall remain disqualified
23 and ineligible to apply for any type of gambling related license, permit or registration,
24 including licensure as a key employee, until the entire \$7,500.00 in cost recovery has been
25 paid to the Bureau." (Decision and Order, p. 5, ¶ 17.) Respondent violated this provision of

26 _____
27 ² The 2012 Statement of Issues is attached as Exhibit A to this Statement of Reasons.

28 ³ The Decision and Order is attached as Exhibit B to this Statement of Reasons.

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the Decision and Order when in March 2014—approximately four months after the Decision and Order—he applied for, and received, a gambling enterprise work permit from the Inglewood Police Department, allowing him to work as an operations specialist at the Hollywood Park Casino. At that time, he had not paid the cost recovery. Rather, the Bureau did not receive Respondent’s \$7,500 payment until almost two years later in January 2016, when he submitted the Application.

(Bus. & Prof. Code, §§ 19854, subd. (b), 19857, subds. (a), (b); Cal. Code Regs., tit. 4, § 12355, subd. (a)(1).)

SECOND CAUSE FOR DENIAL OF APPLICATION

(Disqualified from Licensure)

9. Respondent’s Application is subject to denial because he is disqualified from licensure. He failed to provide information required by the Decision and Order, and information that is material to qualification. (Decision and Order, p. 5, ¶ 16 [Respondent required to “show with verifiable evidence . . . mitigation or rehabilitation, as well as suitability for licensure.”].) When Respondent submitted his key employee application to the Bureau, he did not include evidence to prove his suitability or rehabilitation gained since his prior license denial.

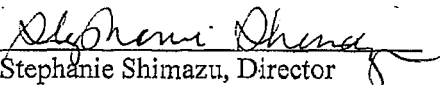
(Bus. & Prof. Code, §§ 19854, subd. (b), 19859, subds. (a), (b); Cal. Code Regs., tit. 4, § 12355, subd. (a)(1).)

PRAYER

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

- 1. Denying Respondent’s Application; and
- 2. Taking such other and further action as the Commission may deem appropriate.

Dated: June 4, 2018


Stephanie Shimazu, Director
Bureau of Gambling Control
California Department of Justice
Complainant

1 APPENDIX A – STATUTORY AND REGULATORY PROVISIONS

2 Jurisdictional Provisions

3 1. Business and Professions Code section 19811 provides, in part:

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

8 2. Business and Professions Code section 19823 provides:

9 (a) The responsibilities of the commission include, without limitation,
10 all of the following:

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

15 (2) Assuring that there is no material involvement, directly or
16 indirectly, with a licensed gambling operation, or the ownership or
17 management thereof, by unqualified or disqualified persons, or by
18 persons whose operations are conducted in a manner that is inimical
19 to the public health, safety, or welfare.

20 (b) For the purposes of this section, “unqualified person” means a
21 person who is found to be unqualified pursuant to the criteria set forth in
22 Section 19857, and “disqualified person” means a person who is found to be
23 disqualified pursuant to the criteria set forth in Section 19859.

24 3. Business and Professions Code section 19824 provides, in part:

25 The commission shall have all powers necessary and proper to enable it
26 fully and effectually to carry out the policies and purposes of this chapter,
27 including, without limitation, the power to do all of the following:

28 * * *

(b) For any cause deemed reasonable by the commission, . . . limit,
condition, or restrict any license, permit, or approval, or impose any fine
upon any person licensed or approved. The commission may condition,
restrict, discipline, or take action against the license of an individual owner
endorsed on the license certificate of the gambling enterprise whether or not
the commission takes action against the license of the gambling enterprise.

* * *

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

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

5 The department^[4] . . . shall have all of the following responsibilities:

6 (a) To receive and process applications for any license, permit, or
7 other approval, and to collect all related fees. The department shall
8 investigate the qualifications of applicants before any license, permit, or
9 other approval is issued, and investigate any request to the commission
for any approval that may be required pursuant to this chapter. The
department may recommend the denial or limitation, conditioning, or
restriction on any license, permit, or other approval.

10 **Specific Statutory and Regulatory Provisions**

11 5. Business and Professions Code, section 19801 provides, in part:

12 (g) Public trust that permissible gambling will not endanger public
13 health, safety, or welfare requires that comprehensive measures be enacted
14 to ensure that gambling is free from criminal and corruptive elements, that
it is conducted honestly and competitively

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

18 * * *

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

27 _____
28 (h.) ⁴ "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd.

1 6. Business and Professions Code, section 19854 provides, in part:

2 (a) Every key employee shall apply for and obtain a key
3 employee license.

4 (b) No person may be issued a key employee license unless the
5 person would qualify for a state gambling license.

6 7. Business and Professions Code section 19856 provides:

7 (a) Any person who the commission determines is qualified to
8 receive a state license, having due consideration for the proper protection
9 of the health, safety, and general welfare of the residents of the State of
10 California and the declared policy of this state, may be issued a license.
The burden of proving his or her qualifications to receive any license is
on the applicant.

11 (b) An application to receive a license constitutes a request for a
12 determination of the applicant's general character, integrity, and ability to
participate in, engage in, or be associated with, controlled gambling.

13 (c) In reviewing an application for any license, the commission
14 shall consider whether issuance of the license is inimical to public health,
15 safety, and welfare, and whether issuance of the license will undermine
16 public trust that the gambling operations with respect to which the license
would be issued are free from criminal and dishonest elements and would
be conducted honestly.

17
18 8. Business and Professions Code section 19857 provides:

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

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

22 (b) A person whose prior activities, criminal record, if any,
23 reputation, habits, and associations do not pose a threat to the public
24 interest of this state, or to the effective regulation and control of
25 controlled gambling, or create or enhance the dangers of unsuitable,
26 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.

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

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9. 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.

(b) Failure of the applicant to provide information, documentation, and assurances required by this chapter or requested by the chief, or failure of the applicant to reveal any fact material to qualification, or the supplying of information that is untrue or misleading as to a material fact pertaining to the qualification criteria.

10. Business and Professions Code section 19866 provides:

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

11. California Code of Regulations, title 4, section 12355 provides, in part:

(a) An application for a portable personal key employee license shall be denied by the Commission if any of the following applies:

(1) The Commission finds that the applicant is ineligible, unqualified, disqualified, or unsuitable pursuant to the criteria set forth in the Act or other applicable law or that granting the license would be inimical to public health, safety, welfare, or would undermine the public trust that gambling operations are free from criminal or dishonest elements.

EXHIBIT A

RECEIVED BY
CGCC LEGAL DIVISION

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Attorneys for Complainant
8

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,¹ owners
9 of both Delta Casino² and Delta Casino Downtown³ (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-003241.⁴

13 ¹ 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
partner within the limited partnership, Respondent is required to be licensed (endorsed licensee).
(Bus. & Prof. Code, §§ 19851 & 19852.)

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

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

21 ⁴ 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
vested right in the holder to either extension of the temporary license or to a
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
suitable pursuant to Business and Professions (B&P) Code section 19856(a) for a
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...)

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

The commission shall have all powers necessary and proper to enable it fully and effectually to carry out the policies and purposes of this chapter⁵, including, without limitation, the power to do all of the following:

* * *

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

* * *

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

COST RECOVERY

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

(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.

* * *

(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.

⁵ 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 THIRD CAUSE FOR DENIAL OF APPLICATION

2 (Unqualified for Licensure – Poses Threat: Comingling of Financial Transactions)

3 15. Respondent's application for a state gambling license is subject to denial pursuant to
4 Business and Professions Code section 19857, subdivision (b), in that Respondent is a person
5 whose prior activities, reputation, and/or habits pose a threat to the public interest of this state, or
6 to the effective regulation and control of controlled gambling, or create or enhance the dangers of
7 unsuitable, unfair, or illegal practices, methods, and activities in the conduct of controlled
8 gambling or in the carrying on of the business and financial arrangements incidental thereto.
9 Respondent inappropriately comingled his personal, financial transactions with the financial
10 transactions of the Delta Casinos.

11 FOURTH CAUSE FOR DENIAL OF APPLICATION

12 (Disqualified for Licensure – Failure to Clearly Establish Eligibility and/or Qualifications)

13 16. Respondent's application for a state gambling license is subject to denial pursuant to
14 Business and Professions Code section 19859, subdivision (a), in that Respondent failed to clearly
15 establish his eligibility and/or qualifications for a state gambling license.

16 (a) Respondent failed to clearly establish that he had the resources
17 required to meet all his financial obligations;

18 (b) Respondent failed to provide required and/or requested
19 information, documentation, and assurances; failed to reveal facts material to his
20 qualification for licensure; and/or supplied information that was untrue or
21 misleading as to material facts pertaining to his qualification for licensure as more
22 fully alleged in paragraph 13 above and incorporated herein by reference; and/or,

23 (c) Respondent failed to clearly establish his eligibility and
24 qualifications as a person whose prior activities, reputation, and/or habits do not
25 pose a threat to the public interest of this state, or to the effective regulation and
26 control of controlled gambling, or create or enhance the dangers of unsuitable,
27 unfair, or illegal practices, methods, and activities in the conduct of controlled
28 gambling or in the carrying on of the business and financial arrangements

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

PRAYER

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

1. Denying the Application for a State Gambling License submitted by Nader H. Tafty for Delta Casino, temporary license number GEOW-0033242, and for Delta Casino Downtown, temporary license number GEOW-00324;
2. Awarding Complainant the costs of investigation and costs of bringing this Statement of Issues before the Commission, pursuant to Business and Professions Code section 19930, subdivisions (d) and (f), in a sum according to proof; and
3. Taking such other and further action as the Commission may deem appropriate.

Dated: January 6, 2012

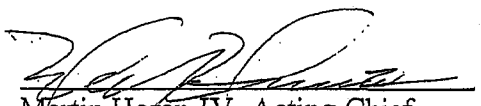

Martin Horan IV, Acting Chief
Bureau of Gambling Control
Department of Justice
State of California
Complainant

EXHIBIT B

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Attorneys for the Complainant

8
9 **BEFORE THE**
10 **CALIFORNIA GAMBLING CONTROL COMMISSION**
11 **STATE OF CALIFORNIA**
12

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

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

19 **146 East Market Street**
Stockton, California 95292

20 **TEMPORARY LICENSE NO. GEOW-003241,**

21 **and**

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

26 **6518 Pacific Avenue**
Stockton, California 95207

27 **TEMPORARY LICENSE NO. GEOW-003242,**

28 **Respondent.**

BGC Case No. BGC-HQ2011-00002

OAH No. 2012030444

STIPULATED SETTLEMENT;
DECISION AND ORDER

1 JURISDICTION

2 4. At the November 23, 2010 Commission meeting the Commission denied
3 Respondent's application for licensure.

4 5. On or about November 17, 2010 Respondent requested a hearing regarding the
5 Commission's denial of his application for licensure.⁵

6 6. On January 10, 2012, and again on February 7, 2012, Respondent was served with
7 the above titled Statement of Issues; as well as a Statement to Respondent (Gov. Code, § 11505,
8 subd. (b)); Request for Discovery (Gov. Code, § 11597.6); copies of Government Code sections
9 11507.5, 11507.6 and 11507.7; and two copies of the Notice of Defense form (Gov. Code, §§
10 11505 & 11506).

11 7. On or about February 23, 2012, Respondent filed a request for a hearing and notice
12 of defense.⁶

13 ADVISEMENT AND WAIVERS

14 8. Respondent has carefully reviewed, and has discussed with his legal counsel, the
15 legal and factual allegations in the Statement of Issues. Respondent has also carefully
16 reviewed, and has discussed with his legal counsel, this Stipulated Settlement. Respondent
17 fully understands the terms and conditions contained within this Stipulated Settlement and the
18 effects thereof.

19 _____
20 (...continued)

21 limited to B&P Code sections 19856, 19857, 19858 and 19859.

22 5. The applicant has pending applications for regular state gambling
23 licenses. A regular license may or may not be issued, depending upon the
24 results of the complete background investigation and upon conduct of the
25 applicant and its employees during the term of the temporary license.

26 (Letter from Robin Saenz, Analyst, Licensing Division, Commission, to Delta C, LP,
27 c/o Tigran Marcarian, cc: Nader Tafty (Sept. 22, 2010), underline in the original.)

28 ⁵ Prior to the November 23, 2010 Commission meeting, in apparent anticipation of the
Commission's denial of Respondent's application for licensure, Respondent's then attorney
submitted a written request for an evidentiary hearing.

⁶ Although Respondent failed to file a timely notice of defense; nevertheless, the
Bureau exercised its discretion to allow the case to go forward and to not default Respondent.
(Gov. Code, § 11520, subd. (b).)

1 15. Respondent agrees that if after the one year period of disqualification and
2 ineligibility has elapsed he should then apply for a key employee license, the Commission and
3 Bureau may consider the factual and legal admissions regarding the Statement of Issues in
4 paragraph 11 above in determining whether or not to then grant him a key employee license.

5 16. The parties agree that if after the one year period of disqualification and
6 ineligibility has elapsed Respondent should then apply for a key employee license, he may then
7 present any and all the pertinent arguments, evidence and information as to why he is then
8 eligible and suitable for licensure as a key employee he desires, with the exception that he may
9 not challenge, dispute or refute in any way the legal and factual allegations contained in the
10 Statement of Issues. Respondent understands and agrees that there is no promise or guarantee
11 that should he apply for a key employee license at some unspecified time in the future that such
12 an application will be granted by the Commission. Respondent understands and acknowledges
13 that whether or not he will then be considered suitable or qualified for licensure will depend in a
14 large degree on the circumstances at that time and what he can show with verifiable evidence
15 has occurred subsequent to the filing of the Statement of Issues that demonstrates evidence of
16 mitigation or rehabilitation, as well as suitability for licensure.

17 17. Respondent agrees to pay the Bureau the sum of \$7,500.00 as the reasonable costs
18 of investigation and prosecution of this matter as provided for in Business and Professions Code
19 section 19930. The Bureau agrees to a stay of Respondent's payment of that \$7,500.00 unless
20 or until Respondent applies for any type of gambling related license, permit or registration, at
21 which time the \$7,500.00 shall be immediately due and payable in full. Notwithstanding any
22 other provision in this Stipulated Settlement or in law, Respondent agrees that he shall remain
23 disqualified and ineligible to apply for any type of gambling related license, permit or
24 registration, including licensure as a key employee, until the entire \$7,500.00 in cost recovery
25 has been paid to the Bureau.

26 18. This Stipulated Settlement shall be subject to adoption by the Commission.
27 Respondent understands and specifically agrees that counsel for the Complainant and the staff
28 of the Bureau may communicate directly with the Commission regarding this Stipulated

1 Settlement, without notice to, or participation by, Respondent or his counsel, and that no such
2 communication shall be deemed a prohibited ex parte communication.

3 19. By signing this Stipulated Settlement, Respondent understands and agrees that he
4 may not withdraw his agreement or seek to rescind the Stipulated Settlement prior to the time
5 the Commission considers and acts upon it. If the Commission fails to adopt this Stipulated
6 Settlement as its decision, this Stipulated Settlement shall be of no force or effect, and, except
7 for actions taken pursuant to this paragraph and paragraph 18 above, it shall be inadmissible in
8 any legal action between the parties. The consideration of this Stipulated Settlement by the
9 Commission shall not disqualify it from any further action regarding Respondent's licensure
10 including, but not limited to, disposition of the Statement of Issues by a decision and order
11 following a hearing on the merits.

12 20. The parties agree that a photocopy, facsimile or electronic copy of this Stipulated
13 Settlement, including copies with signatures thereon, shall have the same force and effect as an
14 original.

15 21. This Stipulated Settlement constitutes the entire understanding between the parties
16 concerning the subject matter it covers. Any oral representations, modifications or amendments
17 made prior to or after the execution of this Stipulated Settlement concerning the subject matter
18 of this Stipulated Settlement shall have no force or effect.

19 22. In consideration of the above admissions and stipulations, the parties agree that the
20 Commission may, without further notice or formal proceeding, issue and enter an order
21 consistent herewith and adopting this Stipulated Settlement.

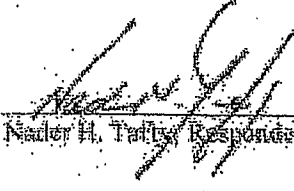
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ACCEPTANCE

I have carefully read and considered the above Stipulated Settlement. I have discussed all of its terms and effects with my legal counsel. I also understand the Stipulated Settlement and the effects it will have on my license now and in the future. I enter into this Stipulated Settlement voluntarily, knowingly and intelligently, and agree to be bound by its terms.

Dated: May _____, 2012.

Aug 7th, 2012



Nadler H. Taddy, Respondent


Dated: May _____, 2012.

Kath A. Sharp,
Fisk & Sharp,
Attorneys for Respondent

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COMPLAINANT'S ACCEPTANCE

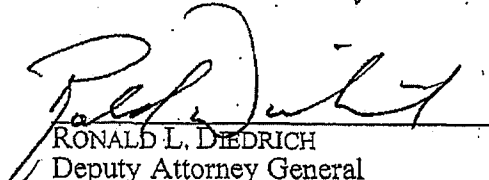
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August
Dated: ~~May~~ 7, 2012.


Martin J. Horan IV, Complainant
Bureau of Gambling Control

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

sd August
Dated: ~~May~~ 7, 2012.

KAMALA D. HARRIS
Attorney General of California
SARA J. DRAKE
Senior Assistant Attorney General


RONALD L. DIEDRICH
Deputy Attorney General
Attorneys for the Complainant

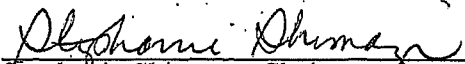
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DECISION AND ORDER OF THE COMMISSION

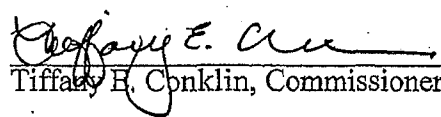
The foregoing Stipulated Settlement of the parties for the case of *In the Matter of the Statement of Issues Against: Nader H. Taft*, BGC Case. No. BGC-HQ2011-00002, OAH Case No. 2012030444 has been adopted by a majority vote of the California Gambling Control Commission as its final Decision and Order in this matter and is effective upon execution below by the Commission members.

IT IS SO ORDERED

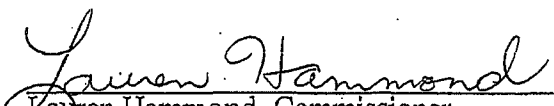
Dated: 12-13-12


Stephanie Shimazu, Chairperson

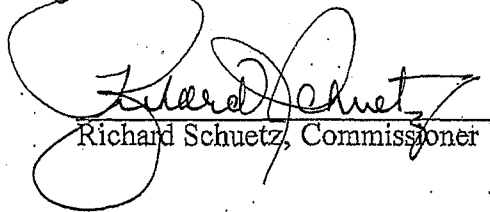
Dated: 12/13/2012


Tiffany E. Conklin, Commissioner

Dated: 12-13-12


Lauren Hammond, Commissioner

Dated: 12/13/12


Richard Schuetz, Commissioner