

2014 NOV 26 AM 10: 26

1 KAMALA D. HARRIS
Attorney General of California
2 SARA J. DRAKE
Senior Assistant Attorney General
3 RONALD L. DIEDRICH
Deputy Attorney General
4 State Bar No. 95146
1300 I Street, Suite 125
5 P.O. Box 944255
Sacramento, CA 94244-2550
6 Telephone: (916) 322-1043
Fax: (916) 327-2319
7 E-mail: Ronald.Diedrich@doj.ca.gov
Attorneys for Complainant

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

13
14 **In the Matter of the Accusation Against:**

15 **Sacramento Casino Royale, LLC,**
license no. GEOW-003186,
16 dba: **Casino Royale,**
license no. GEGE-001295,
17 500 Leisure Lane
Sacramento, California 95815

18 and

19 **James Kouretas, Managing Member,**
license no. GEOW-003185

20 [REDACTED]

21 and

22 **William Blanas, Member,**
license no. GEOW-003187

23 [REDACTED]

24 and

25 **Faye E. Stearns Living Trust, Member,**
License no. GEOW-003391
26 **Faye E. Stearns, Trustor, Trustee, Beneficiary,**
license no. GEOW-003392
27
28

BGC No.: BGC-HQ2014-00001AC

OAH No.: 2014110146

FIRST AMENDED ACCUSATION

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

[REDACTED]
Stanley Parrish, Trustee,
license no. GEOW-003393
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
Respondents.

Complainant alleges as follows:

PARTIES

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

2. On or about April 28, 2010, the California Gambling Control Commission (Commission) issued license number GEOW-003186 to Sacramento Casino Royale, LLC, to own and operate Casino Royale, a licensed gambling establishment, license number GEGE-001295, located in Sacramento, California. Those licenses will expire on April 30, 2016, unless renewed.

The members (owners) of Sacramento Casino Royale, LLC, are:

James Kouretas is the managing member and owner of a 50 percent membership interest in Sacramento Casino Royale, LLC. His license number is GEOW-003185. His license will expire on April 30, 2016, unless renewed.

William Blanas is a member and owner of a 25 percent membership interest in Sacramento Casino Royale, LLC. His license number is GEOW-003187. His license will expire on April 30, 2016, unless renewed.

The Faye E. Stearns Living Trust is a member and owner of a 25 percent membership interest in Sacramento Casino Royale, LLC. The trust's license number is GEOW-003391. Faye E. Stearns is the trustor, a trustee, and the beneficiary of the trust. Her license number is GEOW-003392. Stanley Parish is a trustee of the trust. His license number is GEOW-003393. All three licenses will expire on April 30, 2016, unless renewed.

1 Sacramento Casino Royale, LLC, Casino Royale, James Kouretas, William Blanas, Faye
2 E. Sterns Living Trust, Faye E. Stearns, and Stanley Parish are hereinafter referred to collectively
3 as Respondent or Respondents.

4 **JURISDICTION**

5 3. Business and Professions Code section 19811, subdivision (b) provides:

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

10 4. Business and Professions Code section 19823, subdivision (a) provides:

11 The responsibilities of the commission include, without limitation,
12 all of the following:

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

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

22 5. Business and Professions Code section 19824 provides, in part:

23 The commission shall have all powers necessary and proper to
24 enable it fully and effectually to carry out the policies and purposes of
25 this chapter,^[2] including, without limitation, the power to do all of the
26 following:

27 * * *

28 (b) For any cause deemed reasonable by the commission . . .
limit, condition, or restrict any license, permit, or approval, or impose any

25 ¹ Business and Professions Code, section 19805, subdivision (ae), provides that
26 “[p]erson’ unless otherwise indicated, includes a natural person, corporation, partnership, limited
27 partnership, trust, joint venture, association, or any other business organization.”

27 ² Hereinafter, “chapter” refers to Business and Professions Code, division 8, chapter 5,
28 (commencing with section 19800), also known as the Gambling Control Act.

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

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.

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

The department^[3] 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.

7. Business and Professions Code section 19930, subdivision (b) provides:

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.

8. California Code of Regulations, title 4, section 12554, subdivision (a), provides, in part:

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

³ "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd. (h).)

1 Commission shall proceed under Chapter 5 (commencing with section
2 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

3 **COST RECOVERY**

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

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

9 * * *

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

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

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

14 **SPECIFIC STATUTORY AND REGULATORY PROVISIONS**

15 10. Business and Professions Code section 19850 provides:

16 Every person who, either as owner, lessee, or employee, whether for
17 hire or not, either solely or in conjunction with others, deals, operates,
18 carries on, conducts, maintains, or exposes for play any controlled game
19 in this state, or who receives, directly or indirectly, any compensation or
20 reward, or any percentage or share of the money or property played, for
21 keeping, running, or carrying on any controlled game in this state, shall
22 apply for and obtain from the commission, and shall thereafter maintain,
a valid state gambling license, key employee license, or work permit, as
23 specified in this chapter. In any criminal prosecution for violation of this
24 section, the punishment shall be as provided in Section 337j of the Penal
25 Code.

26 11. Business and Professions Code section 19852 provides in pertinent part:

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

* * *

(f) If the owner is a limited liability company, every officer, manager,
member, or owner.

* * *

1
2 (h) Each person who receives, or is to receive, any percentage
3 share of the revenue earned by the owner from gambling activities.

4 12. Business and Professions Code section 19857 provides, in part:

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

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

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

16 13. Business and Professions Code section 19920 provides:

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

26 14. Business and Professions Code section 19922 provides:

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

15. Business and Professions Code section 19924 provides:

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

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

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

* * *

(d) Upon a finding of violation of the Act,^[4] 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:

(1) Revoke 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);

17. California Code of Regulations, title 4, section 12384, provides, in pertinent part:

(a) The policies and procedures for all Tiers^[5] shall meet or exceed the following standards for the drop and collection of the drop for non-electronic gambling tables:

* * *

(2) If a jackpot or any other player-funded gaming activity is offered, jackpot collection shall be deposited into a separate drop box, or otherwise segregated, and accounted for separately.

18. 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

⁴ "Act" refers to the Gambling Control Act, Business and Professions Code, division 8, chapter 5 (commencing with section 19800).

⁵ "Tiers" refer to the number of tables a gambling establishment is authorized to operate. For example, a gambling establishment that is in Tier II is authorized to operate six to 10 tables. (Cal. Code. Regs., tit. 4, § 12380, subd. (d).)

1 used to redeem the chips of that gambling establishment. That account
2 may not be used as collateral, or encumbered or hypothecated in any
3 fashion. Alternatively, the Bureau may allow the gambling
4 establishment to provide some other form of security acceptable to the
5 Bureau, in lieu of maintaining the required account.

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

17 **FIRST CAUSE OF ACTION FOR REVOCATION**

18 **(Failure to Have Sufficient Monies Available to Fund Liabilities)**

19 19. Respondents' licenses are subject to revocation pursuant to Business and Professions
20 Code sections 19857, 19920, 19922 and/or 19924, California Code of Regulations, title 4, section
21 12554, subdivision (d), and/or California Code of Regulations, title 11, section 2053, in that
22 Respondents failed to have sufficient monies readily available at Casino Royale to fund that
23 gambling establishment's liabilities, including, but not limited to, the following occasions:

24 a. On or about October 10 and 11, 2014, a player at the Pai Gow Tile game at Casino
25 Royale won approximately \$60,200.00 in chips. When that player attempted to redeem the chips
26 (cash out), Casino Royale did not have the money available to pay him in full. Casino Royale
27 redeemed only approximately \$20,000.00 in chips. The player was instructed to return later that
28 day to receive another \$20,000.00 and then again on October 14, 2014, to be paid the remaining
balance.

b. On November 3, 2014, and/or for a presently unknown period of time before then,
Casino Royale lacked sufficient available monies to cover its chips-in-use, the players' banks, the
player-funded jackpots, and the house-funded jackpots. The insufficiencies occurred on, but were
not limited to, the following dates:

1 1. On October 15, 2014, an on-site evaluation of Casino Royale's financial
2 situation disclosed that Casino Royale was then underfunded by approximately
3 \$325,215.56.

4 2. On October 24, 2014, an on-site evaluation of Casino Royale's financial
5 situation disclosed that Casino Royale was then underfunded by approximately \$78,605.06.

6 3. On October 29, 2014, an on-site evaluation of Casino Royale's financial
7 situation disclosed that Casino Royale was then underfunded by approximately \$55,155.73.

8 4. On November 3, 2014, the Bureau issued an Emergency Order requiring that
9 Casino Royale immediately suspend and cease any and all gambling and gambling related
10 activities.⁶ A review of Casino Royale's financial situation disclosed that Casino Royale
11 was underfunded on that date by approximately \$58,071.04.

12 **SECOND CAUSE OF ACTION FOR REVOCATION**

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

14 20. Respondents' licenses are subject to revocation pursuant to Business and Professions
15 Code sections 19857, 19920, 19922 and/or 19924, California Code of Regulations, title 4, section
16 12554, subdivision (d), and/or California Code of Regulations, title 11, section 2053, subdivision
17 (c), in that Respondents failed to have sufficient monies readily available at Casino Royale in an
18 amount not less than the total amount of monies that players and patrons of that gambling
19 establishment had on deposit with the gambling establishment, including, but not limited to, the
20 following occasions:

21 a. As of October 15, 2014, players or patrons had approximately \$326,911.00⁷ on
22 deposit with Casino Royale. But, on October 15, 2014, the gambling establishment had a
23 total of only \$75,875.44 in available funds.

24 _____
25 ⁶ The Emergency Order was issued pursuant to Business and Professions Code section
26 19931, subdivision (c). A copy of the Emergency Order is already on file with the Office of
Administrative Hearings and the Commission.

27 ⁷ This amount consisted of about \$187,268.00 in players' banks, \$37,702.00 in a player-
28 funded Pai Gow Tiles jackpot, \$6,131.00 in a player-funded Pai Gow Poker jackpot, and
\$95,810.00 total chips in use.

1 b. As of October 24, 2014, players or patrons had approximately \$405,054.00⁸ on
2 deposit with Casino Royale. But, on October 24, 2014, the gambling establishment had a
3 total of only \$326,448.94 in available funds.

4 c. As of October 29, 2014, players or patrons had approximately \$403,881.00⁹ on
5 deposit with Casino Royale. But, on October 29, 2014, the gambling establishment had a
6 total of only \$348,725.27 in available funds.

7 d. As of November 3, 2014, players or patrons had approximately \$375,800.00¹⁰
8 on deposit with Casino Royale. But, on November 3, 2014, the gambling establishment
9 had a total of only \$317,728.96 in available funds.

10 **THIRD CAUSE OF ACTION FOR REVOCATION**

11 **(Failure to Segregate Funds)**

12 21. Respondents' licenses are subject to revocation pursuant to Business and Professions
13 Code sections 19857, 19920, 19922 and/or 19924, California Code of Regulations, title 4, section
14 12554, subdivision (d), California Code of Regulations, title 11, section 2053, and/or California
15 Code of Regulations, title 4, section 12384, in that Respondents failed to appropriately and/or
16 adequately segregate the funds at Casino Royale. On November 3, 2014, and/or for a presently
17 unknown period of time before then, Casino Royale comingled all the monies used to cover its
18 chips-in-use, the players' banks, the player-funded jackpots, and the house-funded jackpots in
19 one, unsegregated account.

20
21
22 _____
23 ⁸ This amount consisted of about \$259,291.00 in players' banks, \$37,700.00 in a player-
24 funded Pai Gow Tiles jackpot, \$6,062.00 in a player-funded Pai Gow Poker jackpot, and
\$102,001.00 total chips in use.

25 ⁹ This amount consisted of about \$273,990.00 in players' banks, \$38,819.00 in a player-
26 funded Pai Gow Tiles jackpot, 6,176.00 in a player-funded Pai Gow Poker jackpot, and
\$84,896.00 total chips in use.

27 ¹⁰ This amount consisted of about \$309,842.00 in players' banks, \$38,428.00 in a player-
28 funded Pai Gow Tiles jackpot, \$6,195.00 in a player-funded Pai Gow Poker jackpot, and
\$21,335.00 total chips in use.

1 PRAYER

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

4 1. Revoke license number GEOW-003186, issued to Sacramento Casino Royale, LLC,
5 doing business as: Casino Royale, a licensed gambling establishment, license no. GEGE-001295;

6 2. Revoke license number GEOW-003185, issued to James Kouretas, managing
7 member;

8 3. Revoke license number GEOW-003187, issued to William Blanas, member;

9 4. Revoke license number GEOW-003391, issued to the Faye E. Stearns Living Trust,
10 member;

11 5. Revoke license number GEOW-003392, issued to Faye E. Stearns, trustor, trustee and
12 beneficiary of the Faye E. Stearns Living Trust;

13 6. Revoke license number GEOW-003393, issued Stanley Parish, trustee of the Faye E.
14 Stearns Living Trust;

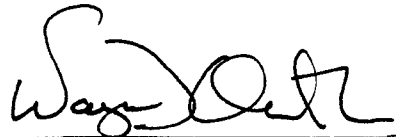
15 7. Impose fines or monetary penalties upon each of the Respondents, jointly and
16 severally, that are consistent with Business and Professions Code sections 19930, subdivision (c),
17 and 19943, subdivision (b);

18 8. Award Complainant the costs of investigation and costs of bringing this Accusation
19 before the Commission, pursuant to Business and Professions Code section 19930, in a sum
20 according to proof, from the Respondents jointly and severally; and

21 9. Take such other and further action as the Commission may deem appropriate.

22
23
24 Dated:

NOVEMBER 25, 2014



WAYNE J. QUINT, JR., Chief
Bureau of Gambling Control
Department of Justice
State of California
Complainant

DECLARATION OF SERVICE

Case Name: **In the Matter of the Accusation Against Sacramento Casino Royale, LLC**

Case No.: **2014110146**


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; my business address is 1300 I Street, Suite 125, P.O. Box 944255, Sacramento, CA 94244-2550.

On November 26, 2014, I served the attached **FIRST AMENDED ACCUSATION** by placing a true copy thereof enclosed in a sealed

MAIL envelope with postage thereon fully prepaid, in the United States Mail at Sacramento, California, addressed as follows:

E-MAIL TRANSMISSION by transmitting a true copy via electronic mail, addressed as follows:

John K. Maloney The Law Offices of John K. Maloney 2386 Fair Oaks Boulevard Sacramento, CA 95825 JMaloney@johnkmaloneylaw.com	Attorneys representing James Kouretas, individually
Steven Kay Kay & Merkle, LLP 100 The Embarcadero San Francisco, CA 94105 skay@kmlaw100.com	Attorneys representing James Kouretas, individually
James Kouretas Managing Member of Sacramento Casino Royale, LLC  jmkouretas@yahoo.com	On behalf of Sacramento Casino Royale, LLC
Kenneth E. Bacon Mastagni Holstedt, A.P.C. 1912 I Street Sacramento, CA 95811 kbacon@mastagni.com	Attorneys representing William Blanas

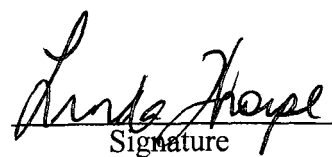
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Tim O'Connor
The O'Connor Law Firm
101 Parkshore Drive, Suite 100
Folsom, CA 95630
Tim@TimOConnorAttorney.com

Attorneys representing Stanley Parrish, Faye E. Stearns and the Faye E. Stearns Living Trust

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 November 26, 2014, at Sacramento, California.

Linda Thorpe
Declarant


Signature

2014 NOV -3 AM 11:07

1 KAMALA D. HARRIS
Attorney General of California
2 SARA J. DRAKE
Senior Assistant Attorney General
3 RONALD L. DIEDRICH
Deputy Attorney General
4 State Bar No. 95146
1300 I Street, Suite 125
5 P.O. Box 944255
Sacramento, CA 94244-2550
6 Telephone: (916) 322-1043
Fax: (916) 327-2319
7 E-mail: Ronald.Diedrich@doj.ca.gov
Attorneys for Complainant

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

13
14 **In the Matter of the Accusation Against:**

BGC No.: BGC-HQ2014-00001AC

15 **Sacramento Casino Royale, LLC,**
license no. GEOW-003186,
16 dba: **Casino Royale,**
license no. GEGE-001295,
17 500 Leisure Lane
Sacramento, California 95815

OAH No. _____

ACCUSATION

18 and

19 **James Kouretas, Managing Member,**
license no. GEOW-003185

20 [REDACTED]

21 and

22 **William Blanas, Member,**
license no. GEOW-003187

23 [REDACTED]

24 and

25 **Faye E. Stearns Living Trust, Member,**
License no. GEOW-003391

26 **Faye E. Stearns, Trustor, Trustee, Beneficiary,**
license no. GEOW-003392

1 [REDACTED]
2 **Stanley Parrish**, Trustee,
license no. GEOW-003393
3 [REDACTED]
4 [REDACTED]

5 **Respondents.**

6
7 Complainant alleges as follows:

8 **PARTIES**

9 1. Wayne J. Quint, Jr. (Complainant) brings this Accusation solely in his official
10 capacity as the Chief of the California Department of Justice, Bureau of Gambling Control
11 (Bureau).

12 2. On or about April 28, 2010, the California Gambling Control Commission
13 (Commission) issued license number GEOW-003186 to Sacramento Casino Royale, LLC, to own
14 and operate Casino Royale, a licensed gambling establishment, license number GEGE-001295,
15 located in Sacramento, California. Those licenses will expire on April 30, 2016, unless renewed.

16 The members (owners) of Sacramento Casino Royale, LLC, are:

17 James Kouretas is the managing member and owner of a 50 percent membership interest
18 in Sacramento Casino Royale, LLC. His license number is GEOW-003185. His license will
19 expire on April 30, 2016, unless renewed.

20 William Blanas is a member and owner of a 25 percent membership interest in
21 Sacramento Casino Royale, LLC. His license number is GEOW-003187. His license will expire
22 on April 30, 2016, unless renewed.

23 The Faye E. Stearns Living Trust is a member and owner of a 25 percent membership
24 interest in Sacramento Casino Royale, LLC. The trust's license number is GEOW-003391. Faye
25 E. Stearns is the trustor, a trustee, and the beneficiary of the trust. Her license number is GEOW-
26 003392. Stanley Parish is a trustee of the trust. His license number is GEOW-003393. All three
27 licenses will expire on April 30, 2016, unless renewed.

1 Sacramento Casino Royale, LLC, Casino Royale, James Kouretas, William Blanas, Faye
2 E. Sterns Living Trust, Faye E. Stearns, and Stanley Parish are hereinafter referred to collectively
3 as Respondent or Respondents.

4 JURISDICTION

5 3. Business and Professions Code section 19811, subdivision (b) provides:

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

10 4. Business and Professions Code section 19823, subdivision (a) provides:

11 The responsibilities of the commission include, without limitation,
12 all of the following:

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

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

22 5. Business and Professions Code section 19824 provides, in part:

23 The commission shall have all powers necessary and proper to
24 enable it fully and effectually to carry out the policies and purposes of
25 this chapter,^[2] including, without limitation, the power to do all of the
26 following:

27 * * *

28 (b) For any cause deemed reasonable by the commission . . .
limit, condition, or restrict any license, permit, or approval, or impose any

25 ¹ Business and Professions Code, section 19805, subdivision (ae), provides that
26 “[p]erson” unless otherwise indicated, includes a natural person, corporation, partnership, limited
27 partnership, trust, joint venture, association, or any other business organization.”

28 ² Hereinafter, “chapter” refers to Business and Professions Code, division 8, chapter 5,
(commencing with section 19800), also known as the Gambling Control Act.

1 fine upon any person licensed or approved. The commission may
2 condition, restrict, discipline, or take action against the license of an
3 individual owner endorsed on the license certificate of the gambling
4 enterprise whether or not the commission takes action against the license
5 of the gambling enterprise.

6 * * *

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

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

11 The department^[3] shall have all of the following responsibilities:

12 * * *

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

15 * * *

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

21 7. Business and Professions Code section 19930, subdivision (b) provides:

22 If, after any investigation, the department is satisfied that a license,
23 permit, finding of suitability, or approval should be suspended or revoked,
24 it shall file an accusation with the commission in accordance with Chapter
25 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of
26 the Government Code.

27 8. California Code of Regulations, title 4, section 12554, subdivision (a), provides, in
28 part:

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

³ "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd. (h).)

1 Commission shall proceed under Chapter 5 (commencing with section
2 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

3 **COST RECOVERY**

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

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

10 * * *

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

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

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

16 **SPECIFIC STATUTORY AND REGULATORY PROVISIONS**

17 10. Business and Professions Code section 19850 provides:

18 Every person who, either as owner, lessee, or employee, whether for
19 hire or not, either solely or in conjunction with others, deals, operates,
20 carries on, conducts, maintains, or exposes for play any controlled game
21 in this state, or who receives, directly or indirectly, any compensation or
22 reward, or any percentage or share of the money or property played, for
23 keeping, running, or carrying on any controlled game in this state, shall
24 apply for and obtain from the commission, and shall thereafter maintain,
25 a valid state gambling license, key employee license, or work permit, as
26 specified in this chapter. In any criminal prosecution for violation of this
27 section, the punishment shall be as provided in Section 337j of the Penal
28 Code.

11. Business and Professions Code section 19852 provides in pertinent 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 and obtains a state gambling license:

* * *

(f) If the owner is a limited liability company, every officer, manager,
member, or owner.

(h) Each person who receives, or is to receive, any percentage share of the revenue earned by the owner from gambling activities.

12. Business and Professions Code section 19857 provides, in part:

No gambling license shall be issued unless, based on all of 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.

13. Business and Professions Code section 19920 provides:

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

14. Business and Professions Code section 19922 provides:

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

15. Business and Professions Code section 19924 provides:

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

1 16. California Code of Regulations, title 4, section 12554, provides, in pertinent part:

2 * * *

3 (d) Upon a finding of violation of the Act,^[4] any regulations
4 adopted pursuant thereto, any law related to gambling or gambling
5 establishments, violation of a previously imposed disciplinary or
6 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:

7 (1) Revoke the license, registration, or permit.

8 * * *

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

11
12 17. California Code of Regulations, title 4, section 12384, provides, in pertinent part:

13 (a) The policies and procedures for all Tiers^[5] shall meet or
14 exceed the following standards for the drop and collection of the drop
for non-electronic gambling tables:

15 * * *

16 (2) If a jackpot or any other player-funded gaming
17 activity is offered, jackpot collection shall be deposited into a
18 separate drop box, or otherwise segregated, and accounted for
separately.

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

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

22 (b) A gambling establishment shall maintain a separate,
23 specifically designated, insured account with a licensed financial
24 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

25 ⁴ "Act" refers to the Gambling Control Act, Business and Professions Code, division 8,
chapter 5 (commencing with section 19800).

26 ⁵ "Tiers" refer to the number of tables a gambling establishment is authorized to operate.
27 For example, a gambling establishment that is in Tier II is authorized to operate six to 10 tables.
(Cal. Code. Regs., tit. 4, § 12380, subd. (d).)

1 used to redeem the chips of that gambling establishment. That account
2 may not be used as collateral, or encumbered or hypothecated in any
3 fashion. Alternatively, the Bureau may allow the gambling
4 establishment to provide some other form of security acceptable to the
5 Bureau, in lieu of maintaining the required account.

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

17 **FIRST CAUSE OF ACTION FOR REVOCATION**

18 **(Failure to Have Sufficient Monies Available to Fund Liabilities)**

19 19. Respondents' licenses are subject to revocation pursuant to Business and Professions
20 Code sections 19857, 19920, 19922 and/or 19924, California Code of Regulations, title 4, section
21 12554, subdivision (d), and/or California Code of Regulations, title 11, section 2053, in that
22 Respondents failed to have sufficient monies readily available at Casino Royale to fund that
23 gambling establishment's liabilities, including, but not limited to, the following occasions:

24 a. On or about October 10 and 11, 2014, a player at the Pai Gow Tile game at Casino
25 Royale won approximately \$60,200.00 in chips. When that player attempted to redeem the chips
26 (cash out), Casino Royale did not have the money available to pay him in full. Casino Royale
27 redeemed only approximately \$20,000.00 in chips. The player was instructed to return later that
28 day to receive another \$20,000.00 and then again on October 14, 2014, to be paid the remaining
balance.

29 b. On October 15, 2014, and/or for a presently unknown period of time before then,
30 Casino Royale lacked sufficient available monies to cover its chips-in-use, the player's banks, the
31 player-funded jackpots, and the house-funded jackpots. On October 15, 2014, an on-site
32 evaluation of Casino Royale's financing disclosed that Casino Royale was then underfunded by
33 approximately \$268,684.00.

1 c. On October 29, 2014, and/or for the period of time between October 15, 2014, and
2 October 29, 2014, Casino Royale continued to lack sufficient available monies to cover its chips-
3 in-use, the player's banks, the player-funded jackpots, and the house-funded jackpots. On
4 October 29, 2014, an on-site, follow-up evaluation of Casino Royale's financing disclosed that
5 Casino Royale was underfunded by about \$55,156.00.

6 **SECOND CAUSE OF ACTION FOR REVOCATION**

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

8 20. Respondents' licenses are subject to revocation pursuant to Business and Professions
9 Code sections 19857, 19920, 19922 and/or 19924, California Code of Regulations, title 4, section
10 12554, subdivision (d), and/or California Code of Regulations, title 11, section 2053, subdivision
11 (c), in that Respondents failed to have sufficient monies readily available at Casino Royale in an
12 amount not less than the total amount of monies that players and patrons of that gambling
13 establishment had on deposit with the gambling establishment.

14 On October 15, 2014, and/or for a presently unknown period of time before then,
15 Casino Royale had on deposit with it approximately \$231,101.00⁶ of player's or patron's monies.
16 On October 15, 2014, the gambling establishment had a total of only \$72,632.00 in cash
17 available.

18 **THIRD CAUSE OF ACTION FOR REVOCATION**

19 **(Failure to Segregate Funds)**

20 21. Respondents' licenses are subject to revocation pursuant to Business and Professions
21 Code sections 19857, 19920, 19922 and/or 19924, California Code of Regulations, title 4, section
22 12554, subdivision (d), California Code of Regulations, title 11, section 2053, and/or California
23 Code of Regulations, title 4, section 12384, in that Respondents failed to appropriately and/or
24 adequately segregate the funds at Casino Royale, including, but not limited to, the following
25 occasions:

26
27 ⁶ This amount consisted of about \$187,268.00 in players' banks, \$37,702.00 in a player-
28 funded Pai Gow Tiles jackpot, and \$6,131.00 in a player-funded Pai Gow Poker jackpot.

1 a. On October 15, 2014, and/or for a presently unknown period of time before then,
2 Casino Royale comingled all the monies used to cover its chips-in-use, the player's
3 banks, the player-funded jackpots, and the house-funded jackpots in one,
4 unsegregated account.

5 b. On October 15, 2014, and/or for a presently unknown period of time before then,
6 Casino Royale comingled all the monies used to cover its chips-in-use, the player's
7 banks, the player-funded jackpots, and the house-funded jackpots in one,
8 unsegregated account.

9 **PRAYER**

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

12 1. Revoke license number GEOW-003186, issued to Sacramento Casino Royale, LLC,
13 doing business as: Casino Royale, a licensed gambling establishment, license no. GEGE-001295;

14 2. Revoke license number GEOW-003185, issued to James Kouretas, managing
15 member;

16 3. Revoke license number GEOW-003187, issued to William Blanas, member;

17 4. Revoke license number GEOW-003391, issued to the Faye E. Stearns Living Trust,
18 member;

19 5. Revoke license number GEOW-003392, issued to Faye E. Stearns, trustor, trustee and
20 beneficiary of the Faye E. Stearns Living Trust;

21 6. Revoke license number GEOW-003393, issued Stanley Parish, trustee of the Faye E.
22 Stearns Living Trust;


23 7. Impose fines or monetary penalties upon each of the Respondents, jointly and
24 severally, that are consistent with Business and Professions Code sections 19930, subdivision (c),
25 and 19943, subdivision (b);

26 8. Award Complainant the costs of investigation and costs of bringing this Accusation
27 before the Commission, pursuant to Business and Professions Code section 19930, in a sum
28 according to proof, from the Respondents jointly and severally; and

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

9. Take such other and further action as the Commission may deem appropriate.

Dated: November 3, 2014



WAYNE J. QUINT, JR., Chief
Bureau of Gambling Control
Department of Justice
State of California
Complainant