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

13 **In the Matter of the First Amended**
14 **Accusation and Statement of Issues Against:**

BGC No.: BGC-HQ2015-00002AL

15 **MORTIMER'S, INC. (GEOW-003261),**
16 **doing business as**
17 **MORTIMER'S CARD ROOM**
18 **(GEGE-001304),**
3100 Del Monte Blvd.
Marina, California 93933, and

OAH No.: _____

19 **MARK E. WILLIAMSON (GEOW-003262),**

[REDACTED], and

**FIRST AMENDED ACCUSATION AND
STATEMENT OF ISSUES**

20 **PAMELA LESLIE NEU (GEOW-003212),**

[REDACTED], and

21 **WILLIS LEE HANNA (GEOW-003226),**

[REDACTED], and

22 **MARYLEE H. SAKAS (GEOW-003225),**

[REDACTED]

23 **Respondents.**

1 Complainant alleges as follows:

2 **PARTIES**

3 1. Wayne J. Quint, Jr. (former complainant) brought the initial Accusation solely in his
4 official capacity as the Chief of the California Department of Justice, Bureau of Gambling
5 Control (Bureau). Stephanie Shimazu (Complainant) is the successor to the former complainant
6 and brings this First Amended Accusation and Statement of Issues (First Amended Pleading)
7 solely in her official capacity as the Bureau's Director.

8 2. Respondent Mortimer's, Inc. (Corporation) is licensed as a gambling enterprise
9 owner, California State Gambling License Number GEOW-003261. The Corporation does
10 business as Mortimer's Card Room (Mortimer's), which is a licensed gambling establishment,
11 California State Gambling License Number GEGE-001304. Mortimer's was a seven-table card
12 room formerly located at 3100 Del Monte Boulevard in Marina, California. Pursuant to an
13 Emergency Order (Emergency Order) issued by the former complainant on November 18, 2015,
14 Mortimer's is closed. A true copy of the Emergency Order is Exhibit 1 to this First Amended
15 Pleading.

16 3. Each of the individual respondents is a shareholder of the Corporation and endorsed
17 on Mortimer's license as follows:

18 a. Respondent Mark E. Williamson (Williamson), license number GEOW-
19 003262, owns 25.5 percent of the issued and outstanding shares in the Corporation;

20 b. Respondent Pamela Leslie Neu (Neu), license number GEOW-003212,
21 owns 25.5 percent of the issued and outstanding shares;

22 c. Respondent Willis Lee Hanna (Hanna), license number GEOW-003226,
23 owns 32.67 percent of the issued and outstanding shares; and

24 d. Respondent Marylee H. Sakas (Sakas), license number GEOW-003225,
25 owns 16.33 percent of the issued and outstanding shares.

26 4. Collectively, Mortimer's, the Corporation, Williamson, Neu, Hanna, and Sakas are
27 referred to as "Respondents" in this First Amended Pleading.

28

1 necessary and proper to carry out the Act's policies and purposes, including the powers to
2 discipline licensees and to take actions to ensure that no ineligible, unqualified, disqualified, or
3 unsuitable persons are associated with controlled gambling activities. (Bus. & Prof. Code, §
4 19824, subs. (b) & (d).)

5 8. The Act tasks the Bureau with, among other responsibilities, investigating suspected
6 violations of the Act and initiating disciplinary actions. (Bus. & Prof. Code, §§ 19826, subs. (c)
7 & (e) & 19930, subd. (b).) Upon the Bureau filing an accusation, the Commission proceeds
8 under Government Code section 11500 et seq. (Bus. & Prof. Code, § 19930, subd. (b); see Cal.
9 Code Regs., tit. 4, § 12554, subd. (a).) The Commission's disciplinary powers include, among
10 other things, revocation and imposition of a fine or monetary penalty. (Bus. & Prof. Code, §
11 19930, subd. (c); Cal. Code Regs., tit. 4, § 12554, subd. (d).)

12 9. In a matter involving revocation, suspension, or denial of a license, the Bureau may
13 recover its costs of investigation and prosecuting the proceeding. (Bus. & Prof. Code, § 19930,
14 subd. (d).)

15 **FIRST CAUSE FOR REVOCATION AND DENIAL**

16 **(Failure To Maintain Adequate Records)**

17 10. Respondents' licenses are subject to revocation, and their renewal applications to
18 denial, pursuant to Business and Professions Code sections 19823, 19857, 19920, 19922, and
19 19924, California Code of Regulations, title 4, sections 12384, subdivision (a)(2), and 12554,
20 subdivision (d), and California Code of Regulations, title 11, section 2053. Respondents failed to
21 maintain records that were adequate to determine whether Mortimer's had sufficient monies
22 readily available to fund that gambling establishment's liabilities. Specifically, and by way of
23 example, the failure to maintain adequate records included, but is not limited to, the following:

24 a. Neither Mortimer's nor the Bureau could determine, or reconcile,
25 Mortimer's chips in use or chips outstanding because no perpetual inventory was kept, nor
26 was a beginning inventory of chips recorded.

1 b. Mortimer’s bank account, denominated as “chipaccount,” for July 2015,
2 showed a single deposit, followed by an online withdrawal paid to Mortimer’s “Expanded
3 Business Checking” – or general business – account.

4 c. Mortimer’s bank account, denominated as “jackpot account,” for July
5 2015, showed an online withdrawal paid to Mortimer’s business checking account for
6 payroll.

7 d. Respondents would not provide the Bureau with the amounts of the
8 gambling establishment’s cash assets, liabilities, patron chip liability, or player bank
9 balances when asked.

10 **SECOND CAUSE FOR REVOCATION AND DENIAL**

11 **(Unqualified for Continued Licensure or License Renewal)**

12 11. Respondents’ licenses are subject to revocation, and their renewal applications to
13 denial, pursuant to Business and Professions Code sections 19823, 19857, 19920, 19922, and
14 19924, California Code of Regulations, title 4, sections 12384, subdivision (a)(2), 12554,
15 subdivision (d), and 12568, subdivision (c)(3), and California Code of Regulations, title 11,
16 section 2053. Respondents’ continued licensure, or license renewal, is inimical to public health,
17 safety, and welfare. Respondents are not persons of good character, honesty, and integrity. Their
18 prior activities pose a threat to the effective regulation and control of controlled gambling, and
19 create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in
20 carrying on the business and financial arrangements incidental to the conduct of controlled
21 gambling. Respondents’ conduct includes, but is not limited to, the following acts and omissions:

22 a. Neither Mortimer’s nor the Bureau could determine, or reconcile,
23 Mortimer’s chips in use or chips outstanding because no perpetual inventory was kept, nor
24 was a beginning inventory of chips recorded.

25 b. Mortimer’s bank account, denominated as “chipaccount,” for July 2015,
26 showed a single deposit, followed by an online withdrawal paid to Mortimer’s “Expanded
27 Business Checking” account.

1 c. Mortimer's bank account, denominated as "jackpot account," for July
2 2015, showed an online withdrawal paid to Mortimer's business checking account for
3 payroll.

4 d. Respondents would not provide the Bureau with the amounts of the
5 gambling establishment's cash assets, liabilities, patron chip liability, and player bank
6 liability when asked.

7 e. Respondents failed to provide information and documents requested by the
8 Bureau, acting under, and pursuant to, Complainant's authority and on Complainant's
9 behalf.

10 f. The Corporation failed to comply with the Emergency Order. In violation
11 of the Emergency Order, the Corporation failed to provide proof satisfactory to the Bureau
12 of its chip liability and the amounts deposited by Mortimer's players or patrons that were
13 held by Mortimer's. In further violation of the Emergency Order, the Corporation failed
14 to use such monies only to redeem chips and to repay Mortimer's players or patrons the
15 monies they deposited with Mortimer's.

16 g. The Corporation kept, and converted to Respondents' use, monies
17 belonging to its Third-Party Provider in an amount exceeding \$350,000. The Corporation
18 failed to pay the Third-Party Provider, which obtained a judgment for nearly \$500,000
19 against the Corporation. The Corporation, however, failed and refused to satisfy the
20 judgment in whole or in part.

21 **THIRD CAUSE FOR REVOCATION AND DENIAL**

22 **(Failure To Segregate Funds)**

23 12. Respondents' licenses are subject to revocation, and their renewal applications to
24 denial, pursuant to Business and Professions Code sections 19823, 19857, 19920, 19922, and
25 19924, California Code of Regulations, title 4, sections 12384, subdivision (a)(2), and 12554,
26 subdivision (d), and California Code of Regulations, title 11, section 2053. Respondents failed to
27 appropriately and/or adequately segregate the funds at Mortimer's. Instead, Respondents
28 comingled some monies used to cover Mortimer's chips-in-use, which were the players' monies,

1 and player-funded jackpot funds with their business operating accounts. The Corporation also
2 kept, and converted to Respondents' use, monies belonging to its Third-Party Provider in an
3 amount exceeding \$350,000.

4 **FOURTH CAUSE FOR REVOCATION AND DENIAL**

5 **(Failing To Provide Information Requested by the Bureau)**

6 13. Respondents' licenses are subject to revocation, and their renewal applications to
7 denial, pursuant to Business and Professions Code sections 19823, 19857, 19859, 19920, 19922,
8 and 19924, California Code of Regulations, title 4, sections 12384, subdivision (a)(2), 12554,
9 subdivision (d), and 12568, subdivision (c)(3) and (c)(4), and California Code of Regulations,
10 title 11, section 2053. Respondents' continued licensure, or license renewal, is inimical to public
11 health, safety, and welfare. Respondents are not persons of good character, honesty, and
12 integrity. Their prior activities pose a threat to the effective regulation and control of controlled
13 gambling, and create or enhance the dangers of unsuitable, unfair, or illegal practices, methods,
14 and activities in carrying on the business and financial arrangements incidental to the conduct of
15 controlled gambling. Respondents failed to provide information and documents requested by the
16 Bureau, acting under, and pursuant to, Complainant's authority and on Complainant's behalf.
17 Respondents' failure to provide requested information and documents included, without
18 limitation, information and documents regarding the amounts of Mortimer's cash assets,
19 liabilities, patron chip liability, and whether sufficient funds were available to satisfy the liability
20 owed to the Third-Party Provider. Respondents further failed to provide information and
21 documents required by former complainant in the Emergency Order.

22 **FIFTH CAUSE FOR REVOCATION AND DENIAL**

23 **(Providing Untrue or Misleading Information to the Bureau)**

24 14. Respondents' licenses are subject to revocation, and their renewal applications to
25 denial, pursuant to Business and Professions Code sections 19823, 19857, 19859, 19920, 19922,
26 and 19924, California Code of Regulations, title 4, sections 12384, subdivision (a)(2), 12554,
27 subdivision (d), and 12568, subdivision (c)(3) and (c)(4), and California Code of Regulations,
28 title 11, section 2053. Respondents' continued licensure, or license renewal, is inimical to public

1 health, safety, and welfare. Respondents are not persons of good character, honesty, and
2 integrity. Their prior activities pose a threat to the effective regulation and control of controlled
3 gambling, and create or enhance the dangers of unsuitable, unfair, or illegal practices, methods,
4 and activities in carrying on the business and financial arrangements incidental to the conduct of
5 controlled gambling. In response to the Bureau's repeated requests to Respondents, their agent
6 provided untrue or misleading information including, among other things:

7 a. In response to the Bureau's question of what were Mortimer's cash assets,
8 the agent represented: "[C]ash assets covered the current payroll and liabilities. There
9 remains [*sic*] enough resources to cover the minimal number of outstanding chips." This
10 representation was untrue or misleading. In truth, Mortimer's lacked the cash to pay its
11 liabilities to the Third-Party Provider.

12 b. In response to the Bureau's question of what were Mortimer's cash
13 liabilities, the agent represented: "It is believed the current liabilities were covered as of
14 the date of closing. There may be additional liabilities accruing due to ongoing
15 contracts." This representation was untrue or misleading. In truth, Mortimer's lacked the
16 cash, and failed, to pay the Third-Party Provider.

17 **PRAYER**

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

20 1. Revoke, and deny the renewal application for, license number GEOW-003261,
21 issued to Mortimer's, Inc., doing business as: Mortimer's Card Room, a licensed gambling
22 establishment, license no. GEGE-001304;

23 2. Revoke, and deny the renewal application for, license number GEOW-003262,
24 issued to Mark E. Williamson;

25 3. Revoke, and deny the renewal application for, license number GEOW-003212,
26 issued to Pamela Leslie Neu;

27 4. Revoke, and deny the renewal application for, license number GEOW-003226,
28 issued to Willis Lee Hanna;

1 5. Revoke, and deny the renewal application for, license number GEOW-003225,
2 issued to Marylee H. Sakas;

3 6. Impose fines or monetary penalties upon Respondents, jointly and severally, that are
4 consistent with Business and Professions Code sections 19930, subdivision (c);

5 7. Award Complainant the costs of investigation and costs of bringing this First
6 Amended Pleading before the Commission, pursuant to Business and Professions Code section
7 19930, in a sum according to proof, from the Respondents jointly and severally; and

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

9
10 Dated: April 30, 2020


STEPHANIE SHIMAZU, Director
Bureau of Gambling Control
Department of Justice
State of California
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 to,
12 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 to
19 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^[2] . . . shall have all of the following responsibilities:

6 * * *

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

9 * * *

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

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

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

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

22 (a) Upon the filing with the Commission of an accusation by the
23 Bureau recommending revocation, suspension, or other discipline of a holder
24 of a license, registration, permit, finding of suitability, or approval, the
25 Commission shall proceed under Chapter 5 (commencing with section
26 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

27 * * *

28 (d) Upon a finding of a violation of the Act,^[3] 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:

29 ² “Department” refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd.
30 (h).)

31 ³ “Act” refers to the Gambling Control Act, Business and Professions Code, division 8,
32 chapter 5 (commencing with section 19800).

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

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

4 * * *

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

8 **Cost Recovery Provisions**

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

10 (d) In any case in which the administrative law judge recommends that
11 the commission revoke, suspend, or deny a license, the administrative law
12 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.

13 (1) The costs assessed pursuant to this subdivision shall be fixed by
14 the administrative law judge and may not be increased by the
15 commission. When the commission does not adopt a proposed decision
16 and remands the case to the administrative law judge, the administrative
law judge may not increase the amount of any costs assessed in the
proposed decision.

17 (2) The department may enforce the order for payment in the
18 superior court in the county in which the administrative hearing was held.
19 The right of enforcement shall be in addition to any other rights that the
division may have as to any licensee to pay costs.

20 (3) In any judicial action for the recovery of costs, proof of the
21 commission's decision shall be conclusive proof of the validity of the
order of payment and the terms for payment.

22 * * *

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

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

26 (2) The preparation and prosecution of the case by the Office of the
27 Attorney General.

1 **Specific Statutory and Regulatory Provisions**

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

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

7 (i) All gambling operations, all persons having a significant
8 involvement in gambling operations, all establishments where gambling is
9 conducted, and all manufacturers, sellers, and distributors of gambling
10 equipment must be licensed and regulated to protect the public health,
11 safety, and general welfare of the residents of this state as an exercise of the
12 police powers of the state.

13 * * *

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

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

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

10. Business and Profession Code section 19851 provides:

(a) The owner of a gambling enterprise shall apply for and obtain
a state gambling license. The owner of a gambling enterprise shall be
known as the owner-licensee.

1 (b) Other persons who also obtain a state gambling license, as
2 required by this chapter, shall not receive a separate license certificate, but
3 the license of every such person shall be endorsed on the license certificate
4 that is issued to the owner of the gambling enterprise.

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

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

9 (a) If the owner is a corporation, then each officer, director, and
10 shareholder, . . . of the owner. . . .

11 * * *

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

14 12. Business and Professions Code section 19857 provides:

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

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

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

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

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

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

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

(b) Failure of the applicant to provide information, documentation,
and assurances required by the Chief, or failure of the applicant to reveal
any fact material to qualification, or the supplying of information that is

1 untrue or misleading as to a material fact pertaining to the qualification
2 criteria.

3 14. Business and Professions Code section 19920 provides:

4 It is the policy of the State of California to require that all
5 establishments wherein controlled gambling is conducted in this state be
6 operated in a manner suitable to protect the public health, safety, and
7 general welfare of the residents of the state. The responsibility for the
8 employment and maintenance of suitable methods of operation rests
9 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.

10 15. Business and Professions Code section 19922 provides:

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

13 16. Business and Professions Code section 19924 provides:

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

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

18 (a) The policies and procedures for all Tiers^[4] shall meet or
19 exceed the following standards for the drop and collection of the drop
20 for non-electronic gambling tables:

21 * * *

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

26 ⁴ "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.
28 (Cal. Code. Regs., tit. 4, § 12380, subd. (d).)

1 18. California Code of Regulations, title 4, section 12568, subdivision (c), provides, in part:

2 A state gambling license, finding of suitability, or approval granted
3 by the Commission . . . and an owner license for a gambling
4 establishment if the owner licensee has committed a separate violation
5 from any violations committed by the gambling establishment shall be
6 subject to revocation by the Commission on any of the following
7 grounds:

8 * * *

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

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

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

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

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

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

Exhibit 1
Emergency Order

1 KAMALA D. HARRIS
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2 SARA J. DRAKE
Senior Assistant Attorney General
3 RONALD L. DIEDRICH
Deputy Attorney General
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Attorneys for Wayne J. Quint, Jr.,
9 *Chief, Bureau of Gambling Control*

10
11 **DEPARTMENT OF JUSTICE**
12 **BUREAU OF GAMBLING CONTROL**
13 **STATE OF CALIFORNIA**

14
15 **In the Matter of the Emergency Order Re:**

16
17 **MORTIMER'S, INC. (GEOW-003261),**
doing business as
18 **MORTIMER'S CARD ROOM**
(GEGE-001304),
19 3100 Del Monte Blvd.
Marina, California 93933
20

BGC No. BGC-HQ2015-00002AL

EMERGENCY ORDER
(Bus. & Prof. Code, § 19931)

21
22 **EMERGENCY ORDER**

23 **TO: MORTIMER'S, INC., doing business as MORTIMER'S CARD ROOM**
24 **WAYNE J. QUINT, JR.,** solely in his official capacity as Chief of the California
25 Department of Justice, Bureau of Gambling Control (Bureau), **HEREBY ORDERS**, that
26 Mortimer's, Inc., doing business as Mortimer's Card Room (Mortimer's), and/or any entity or
27
28

1 individual operating under or endorsed upon State Gambling License Number GEGE-001304,¹
2 shall, **EFFECTIVE IMMEDIATELY**,

3 1. Suspend and cease any and all gambling and gambling-related activities at
4 Mortimer's and close that gambling establishment.

5 2. Within 48 hours of issuance and service of this Emergency Order, Mortimer's, Inc.
6 shall provide proof satisfactory to the Bureau of (a) its then-existing chip liability and (b) the
7 amounts deposited by Mortimer's players or patrons (player funds) with Mortimer's which are
8 then held by Mortimer's (player bank balances). If any chip liability exists or any player bank
9 balances exist, Mortimer's, Inc. shall open and maintain a separate, specifically designated,
10 insured account with a licensed financial institution into which an amount equal to the chip
11 liability plus player bank balances shall be deposited. The funds in this account shall be used
12 only to redeem chips and to repay Mortimer's players or patrons the monies they deposited
13 (players funds) with Mortimer's. No withdrawals shall be made from this account without the
14 Bureau's prior written consent. This account shall not be used as collateral, or encumbered, or
15 hypothecated in any fashion. Within 72 hours of issuance and service of this Emergency Order,
16 Mortimer's, Inc., shall provide proof satisfactory to the Bureau of the opening of this account
17 and the amount deposited therein.

18 3. Within 48 hours of issuance and service of this Emergency Order, Mortimer's, Inc.
19 shall provide proof satisfactory to the Bureau of the identities and amounts of player-funded
20 jackpots² at Mortimer's. Mortimer's, Inc. shall open and maintain a separate, specifically
21 designated, insured account with a licensed financial institution in an amount of the player-
22 funded jackpots. The funds in this account shall be used only to pay Mortimer's players or
23 patrons who win or have won player-funded jackpots at Mortimer's. No withdrawals shall be
24 made from this account without the Bureau's prior written consent. This account shall not be

25 ¹ Which includes, but is not limited to, **Mark E. Williamson**, license no. GEOW-
26 0033262, **Pamela Leslie Neu**, license no. GEOW-003212, **Willis Lee Hanna**, license no.
27 GEOW-003226, and **Marylee H. Sakas**, license no. GEOW-003225. (Bus. & Prof. Code, §
19851.)

28 ² Which includes, but is not limited to, Bad Beat, Royal Flush, and Omaha jackpots.

1 used as collateral, or encumbered, or hypothecated in any fashion. Within 72 hours of issuance
2 and service of this Emergency Order, Mortimer's, Inc., shall provide proof satisfactory to the
3 Bureau of the opening of this account and the amount deposited therein.

4 4. Within 48 hours of issuance and service of this Emergency Order, Mortimer's, Inc.
5 shall provide to the Bureau with a complete listing of (a) Mortimer's assets including the
6 amount, identity, and location of its cash assets and cash equivalents and (b) Mortimer's current
7 liabilities. Additionally, within 48 hours of issuance and service of this Emergency Order,
8 Mortimer's, Inc. shall provide the Bureau with copies of bank statements for all accounts under
9 its control for the period January 1, 2015, through the date of compliance.

10 5. Immediately and until further order by the Bureau, Mortimer's, Inc. shall not pay any
11 distributions, dividends, compensation, wages, or payment of any kind for any purpose to any
12 shareholder, persons related by blood or marriage to a shareholder, or any entity affiliated with
13 or under the control of any shareholder without the Bureau's prior approval.

14 **GROUND FOR THIS EMERGENCY ORDER**

15 **Jurisdiction - Licensure**

16 1. Mortimer's, Inc. is licensed as gambling enterprise owner, license number GEOW-
17 003261. Mortimer's, Inc. does business as Mortimer's, which is a licensed gambling enterprise,
18 California State Gambling License Number GEGE-001304. Mortimer's is a seven-table card
19 room located at 3100 Del Monte Boulevard in Marina, California. Mortimer's, Inc.'s
20 shareholders are:

- 21 a. Mark E. Williamson (Williamson), license number GEOW-003262, who owns
22 25.5 percent of the issued and outstanding shares in Mortimer's, Inc.;
- 23 b. Pamela Leslie Neu (Neu), license number GEOW-003212, who owns 25.5 percent
24 of the issued and outstanding shares;
- 25 c. Willis Lee Hanna (Hanna), license number GEOW-003226, who owns 32.67
26 percent of the issued and outstanding shares; and
- 27 d. Marylee H. Sakas (Sakas), license number GEOW-003225, who owns 16.33
28 percent of the issued and outstanding shares.

1 2. The California Gambling Control Commission (Commission) issued the above-
2 described licenses. Each license will expire on December 31, 2015. An application for renewal
3 is pending as to each license.

4 **Factual Basis – Failure To Provide Information Requested**

5 3. On or about September 25, 2015, Mortimer’s ceased to do business. It closed its
6 doors to all patrons.

7 4. On September 30, 2015, the Bureau requested certain information from
8 Mortimer’s, Inc., including, among other things, the amount of cash assets, cash liabilities, and
9 chip liability for Mortimer’s. The information could not be ascertained from records reviewed
10 by the Bureau. Mortimer’s, Inc. did not respond immediately, and on October 23, 2015, the
11 Bureau followed up on its previous request. On October 24, 2015, Mortimer’s, Inc. replied to
12 the Bureau’s request, but failed to, or could not, provide the amounts of Mortimer’s cash assets,
13 liabilities, or patron chip liability.

14 5. The inability or unwillingness of Mortimer’s to have adequate records, or to
15 provide information requested by the Bureau, shows that Mortimer’s, Inc. most likely does not
16 have funds available to cover the chips-in-use, the player’s funds, and the player-funded
17 jackpots. This poses an immediate threat to the public’s health, safety and welfare. It also
18 undermines the public’s trust and confidence that Mortimer’s can meet its financial obligations
19 and fiduciary duties to its players and patrons if it was to reopen.

20 **AUTHORITY FOR THIS EMERGENCY ORDER**

21 6. Public trust and confidence in licensed, controlled gambling can be maintained
22 only by strict compliance with the laws and regulations related to the operation of licensed
23 gambling establishments. (Bus. & Prof. Code, § 19801, subd. (h).)

24 7. All gambling establishment owners, gambling establishments, and gambling
25 operations must be licensed and regulated to protect the public health, safety, and general
26 welfare. (Bus. & Prof. Code, § 19801, subd. (i).)

27 8. All gambling establishments must be operated in a manner suitable to protect the
28 public health, safety, and general welfare of the state’s residents. The responsibility for the

1 employment and maintenance of suitable methods of operation rests with the licensed owner.
2 (Bus. & Prof. Code, § 19920.)

3 9. No licensed owner shall operate a gambling enterprise in violation of any
4 provision of the Gambling Control Act or any regulation adopted pursuant thereunder. (Bus. &
5 Prof. Code, § 19922.)

6 10. Gambling establishments are required to present satisfactory evidence that
7 adequate financing is available to protect the public's health, safety and welfare. (Cal. Code.
8 Regs., tit. 11, § 2053, subd. (a).)

9 11. Gambling establishments may be required to maintain a separate, specifically
10 designated, insured account with a licensed financial institution in an amount not less than the
11 total amount of monies that patrons of that gambling establishment have on deposit with the
12 gambling establishment. The funds from that account may only be used to return to the patrons
13 the balance of the monies on deposit with the gambling establishment. That account may not be
14 used as collateral or encumbered or hypothecated in any fashion. (Cal. Code. Regs., tit. 11, §
15 2053, subd. (b).)

16 12. The Bureau may issue any emergency orders against an owner licensee when the
17 Bureau deems it reasonably necessary for the immediate preservation of the public peace,
18 health, safety, or general welfare. (Bus. & Prof. Code, § 19931, subd. (a).)

19 13. This Emergency Order is effective immediately upon issuance and its service on
20 Mortimer's, Inc. (Bus. & Prof. Code, § 19931, subd. (c).)

21 14. This Emergency Order is effective until further order of the Commission or until
22 final disposition of any proceeding conducted pursuant to Business and Professions Code
23 section 19931, subdivision (d). (Bus. & Prof. Code, § 19931, subd. (c).)

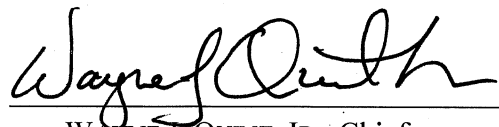
24 15. Among other rights, the person or entity against whom the Emergency Order has
25 been issued and served is entitled to a hearing which, if so requested, shall commence within 10
26 business days of the date of the request if a gambling establishment is closed by the order. On
27 application of the Bureau, and for good cause shown, the superior court may extend the time
28 within which the hearing is required to be commenced, upon those terms and conditions that the

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court deems equitable. (Bus. & Prof. Code, § 19931, subd. (d).)

IT IS SO ORDERED.

Dated: November 18, 2015



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