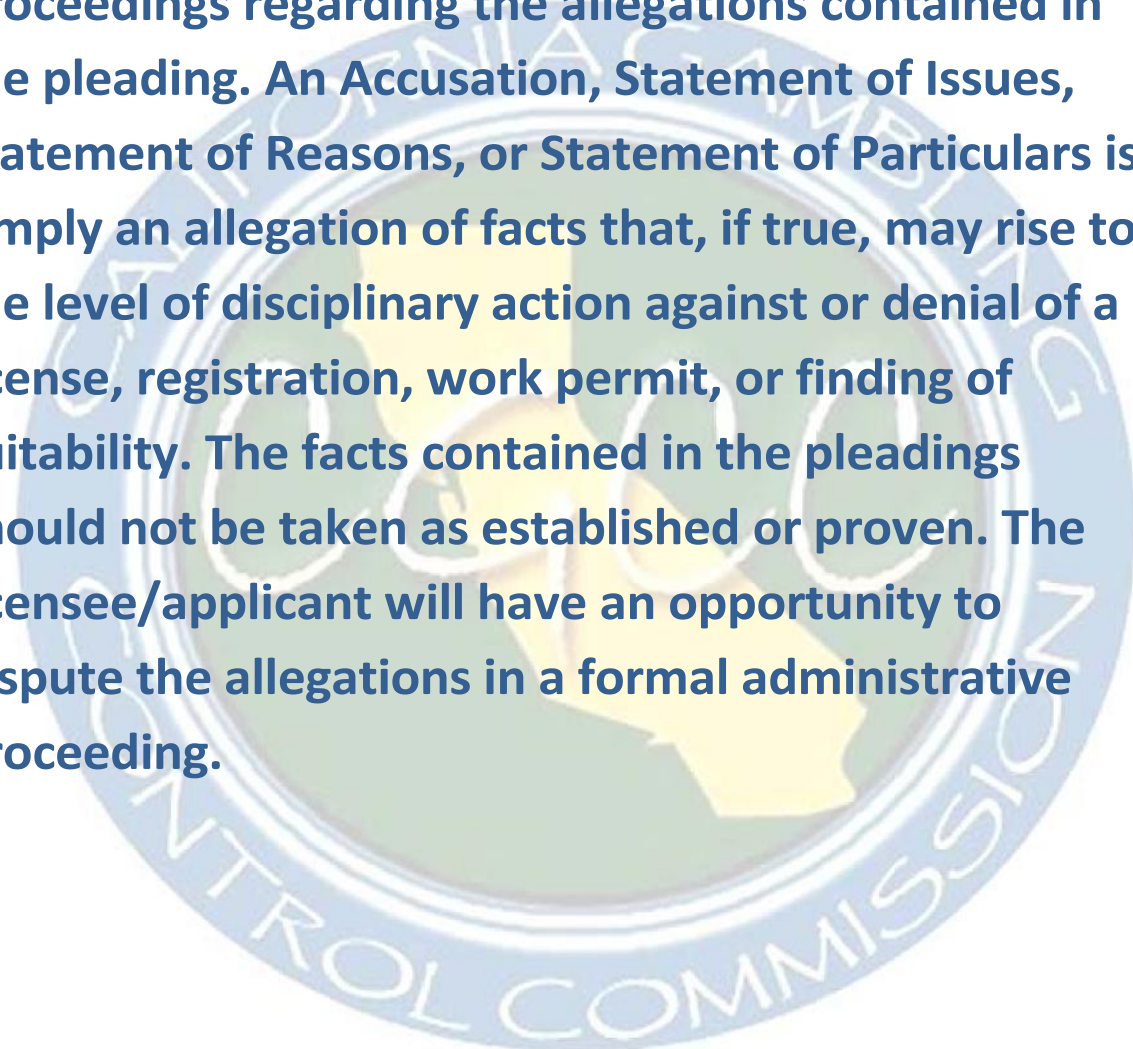


The Commission is providing a copy of this pleading (Accusation, or Statement of Reasons, Statement of Particulars, or Statement of Issues) so the public is as informed as possible of pending administrative proceedings regarding the allegations contained in the pleading. An Accusation, Statement of Issues, Statement of Reasons, or Statement of Particulars is simply an allegation of facts that, if true, may rise to the level of disciplinary action against or denial of a license, registration, work permit, or finding of suitability. The facts contained in the pleadings should not be taken as established or proven. The licensee/applicant will have an opportunity to dispute the allegations in a formal administrative proceeding.



1 XAVIER BECERRA
Attorney General of California
2 SARA J. DRAKE
Senior Assistant Attorney General
3 WILLIAM P. TORNGREN
Supervising Deputy Attorney General
4 WILLIAM L. WILLIAMS, JR.
Deputy Attorney General
5 State Bar No. 99581
1300 I Street, Suite 125
6 P.O. Box 944255
Sacramento, CA 94244-2550
7 Telephone: (916) 210-7354
Fax: (916) 327-2319
8 E-mail: bill.williams@doj.ca.gov
Attorneys for Complainant



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

15 **In the Matter of the Accusation Against:**

16 **Waldemar Dreher**, License Number GEOW-
000883, sole proprietor and doing business as
17 **Lake Bowl Cardroom**, License Number
GEGE-000354

19 511 East Bidwell Street
20 Folsom, California 95630

21 **Respondents.**

BGC Case No. HQ2020-00006AC

OAH No.

ACCUSATION

23 Complainant alleges as follows:

24 **PARTIES**

25 1. Stephanie Shimazu (Complainant) brings this Accusation solely in her official
26 capacity as the Director of the California Department of Justice, Bureau of Gambling Control
27 (Bureau).
28

2. Respondent Waldemar Dreher (Owner), License Number GEOW- 000883, is the sole proprietor of, and does business as, respondent Lake Bowl Cardroom (Casino), License Number GEGE-000354. The Casino is a six-table card room presently operating at 511 East Bidwell Street, Folsom, California 95630, in Sacramento County, California. Owner and the Casino are referred to jointly in this Accusation as “Respondents.”

3. The California Gambling Control Commission (Commission) issued the above-described licenses to Respondents pursuant to the Gambling Control Act (Act) (Bus. & Prof. Code, § 19800 et seq.).

JURISDICTION, STANDARD OF PROOF, AND COST RECOVERY

4. The Commission has jurisdiction over the operation and concentration of gambling establishments and all persons and things having to do with operation of gambling establishments. (Bus. & Prof. Code, § 19811, subd. (b).)¹ The Commission has all powers necessary and proper to fully and effectually carry out the Act’s policies and procedures. (Bus. & Prof. Code, § 19824.) The Commission’s responsibilities include assuring that no unqualified person, or any person “whose operations are conducted in a manner that is inimical to the public health, safety, and welfare” has any direct or indirect material involvement with a licensed gambling operation. (Bus. & Prof. Code, § 19823, subd. (a)(2).)

5. The Act tasks the Bureau with, among other responsibilities, monitoring the conduct of licensees, investigating suspected violations of the Act, and initiating disciplinary actions. (Bus. & Prof. Code, §§ 19826, subds. (b), (c), (e), 19930, subd. (b).) Upon the Bureau filing an accusation, the Commission proceeds under Government Code section 11500 et seq. (Bus. & Prof. Code, § 19930, subd. (b); see Cal. Code Regs., tit. 4, § 12554, subd. (a).) The Commission’s disciplinary powers include, among other things, license revocation, license suspension, imposing a condition on a license, and requiring payment of a fine or monetary penalty. (Bus. & Prof. Code, § 19930, subd. (c); Cal. Code Regs., tit. 4, § 12554, subd. (d).)

¹ The statutes and regulations applicable to this Accusation are quoted in pertinent part in Appendix A.

1 6. In an accusation brought under the Act, the standard of proof is the
2 preponderance of the evidence. (Cal. Code Regs., tit. 4, § 12554, subd. (c).)

3 7. In a matter involving discipline of a license, the Bureau may recover its costs of
4 investigation and prosecuting the proceeding. (Bus. & Prof. Code, § 19930, subd. (d).)

5 **THE DUTY TO OPERATE IN A SUITABLE MANNER TO PROTECT PUBLIC**
6 **HEALTH, SAFETY, AND GENERAL WELFARE**

7 8. The Act is an exercise of the state's police power intended to protect the public's
8 health, safety and general welfare. The Act is to be liberally interpreted to effectuate that
9 purpose. (Bus. & Prof. Code, § 19971.) The Act requires comprehensive regulation to
10 maintain the public trust that permissible gambling will not endanger the public health, safety,
11 and general welfare. (Bus. & Prof. Code, § 19801, subd. (g).)

12 9. The Act requires that all gambling establishments be operated in a manner
13 suitable to protect the public health, safety, and general welfare. The responsibility for
14 employing and maintaining suitable methods of operation rests with the owners. (Bus. & Prof.
15 Code, § 19920.) The failure to meet this responsibility constitutes grounds for license
16 revocation. (*Ibid.*) No owner licensee shall operate a card room in violation of the Act or any
17 regulation adopted pursuant to the Act. (Bus. & Prof. Code, § 19922.)

18 **COVID-19 EMERGENCY AND THE GOVERNOR'S ORDERS**

19 10. The United States is in the midst of an unprecedented public health crisis with
20 the worldwide COVID-19 Pandemic (Pandemic) caused by the SARS-CoV-2 virus (Virus).
21 Like the rest of the country, California is in the grip of this Pandemic. According to data
22 available on <https://covid19.ca.gov> (as of November 10, 2020), the Virus has infected more
23 than 984,000 people and killed more than 18,000 in California.

24 11. In response to the Pandemic, on March 4, 2020, the Governor proclaimed a state of
25 emergency to exist as result of the threat of the Virus's spread. On March 20, 2020, the

26 ////

27 ////

1 Governor issued Executive Order N-33-20,² which incorporated the directives of the state's
2 Public Health Officer issued under the California Health and Safety Code.

3 12. To combat the Virus's spread, the Governor also issued Executive Order N-60-20,
4 requiring closure of many California businesses, including licensed gambling establishments
5 (card rooms).³

6 13. The executive orders issued by the Governor require that all California residents
7 heed the guidance and directives of the state's Public Health Officer. Government Code section
8 8567 provides, in part: "Orders and regulations, or amendments or rescissions thereof, issued
9 during a . . . state of emergency shall be in writing and shall take effect immediately upon their
10 issuance." Government Code section 8665 provides that any person who violates or who
11 refuses or willfully neglects to obey an executive order shall be guilty of a misdemeanor that
12 upon conviction shall be punishable by a fine.

13 14. On October 13, 2020, the Sacramento County Health Officer issued an order under
14 which certain businesses, including card rooms, were permitted to open for outdoor operations
15 only, and required "mitigation measures (social distancing, face covering, and sanitization)."⁴
16 Health and Safety Code section 120275 provides that any person who violates or who refuses or
17 willfully neglects to obey an order of any health officer in the state is guilty of a misdemeanor.

18 15. Pursuant to the Governor's executive orders, all California card rooms, including
19 the Casino, are required to be closed. While some closures have been lifted by the Governor,
20 partially or in phases, no card rooms, including the Casino, have been permitted to resume full
21 operations indoors. Some card rooms, including the Casino, are limited to outdoor operations.
22 The Pandemic continues.

23
24 ² Executive Order N-33-20 is available at:
25 <https://covid19.ca.gov/img/Executive-Order-N-33-20.pdf>.

26 ³ A copy of Executive Order N-60-20 may be viewed at:
27 <https://www.gov.ca.gov/wp-content/uploads/2020/05/5.4.20-EO-N-60-20.pdf>.

28 ⁴ A copy of the Sacramento County Health Officer's order may be viewed at:
[https://www.saccounty.net/COVID-19/Documents/20201013_Sacramento County Health Order.pdf](https://www.saccounty.net/COVID-19/Documents/20201013_Sacramento%20County%20Health%20Order.pdf).

1 16. Effective August 21, 2020, the Commission issued emergency regulations
2 requiring all card rooms, including the Casino, to prepare and maintain an emergency sanitation
3 plan associated with any virus. (Cal. Code Regs., tit. 4, § 12371, subd. (a).) Compliance with
4 the Commission’s emergency regulations “does not exempt the gambling enterprise from other
5 federal, state, or local laws or other requirements imposed by entities with jurisdiction over the
6 card room.” (*Id.*, subd. (g).)

7 17. In the interest of public health and allowing the card room industry an option to
8 resume operations safely, the Commission and the Bureau worked with the Governor’s Office,
9 the California Department of Public Health (Public Health), and the Department of Industrial
10 Relations to outline requirements for those card rooms that choose to conduct gambling
11 outdoors temporarily. On September 9, 2020, Public Health and the Division of Occupational
12 Safety and Health (Cal/OSHA) issued guidelines for card rooms that choose to conduct
13 gambling outdoors: “Covid-19 Industry Guidance: Outdoor Operation of Cardrooms” (Outdoor
14 Guidelines).⁵ Per the Statewide Public Health Officer Order, effective August 31, 2020 (Public
15 Health Order),⁶ card rooms must follow the Outdoor Guidelines issued to preserve public
16 health, safety, and general welfare.⁷ On the same date, the Commission advised all card rooms
17 that they “must come into compliance with all outdoor gambling requirements as soon as
18 possible, but no later than Monday, September 28, 2020.”⁸

19
20 _____
21 ⁵ A copy of this document may be viewed at:
22 <https://files.covid19.ca.gov/pdf/guidance-outdoor-cardrooms--en.pdf>

23 ⁶ A copy of this document may be viewed at:
24 https://www.cdph.ca.gov/Programs/CID/DCDC/CDPH%20Document%20Library/COVID-19/8-28-20_Order-Plan-Reducing-COVID19-Adjusting-Permitted-Sectors-Signed.pdf

25 ⁷ See the State of California’s COVID-19 site “Blueprint for a Safer Economy” which
26 provides county variances for reopening at: <https://covid19.ca.gov/safer-economy/>

27 ⁸ A copy of the Commission’s advice may be viewed at:
28 <http://www.cgcc.ca.gov/documents/enabling/2020/COVID19/09.09.2020%20-%20Notice%20to%20Industry%20-%20Outdoor%20Gambling.pdf>

1 18. California’s Blueprint for a Safer Economy provides revised criteria for loosening
2 and tightening restrictions on activities, including at the Casino, based on the prevalence of the
3 Virus in each county. (See *ante*, fn. 7.) In “red-tier” counties where transmission of the Virus
4 is “Substantial,” such as Sacramento County where the Casino is located, the Casino is
5 permitted to operate outdoors only with modifications as provided in the Outdoor Guidelines.
6 (*Ibid.*) As stated above, consistent with Sacramento County’s then red-tier status,⁹ on October
7 13, 2020, the Sacramento County Health Officer issued an order under which card rooms were
8 permitted to open for outdoor operations only, and required “mitigation measures (social
9 distancing, face covering, and sanitization).”

10 **THE BUREAU’S OCTOBER 30, 2020 NOTICE TO CURE AND**
11 **THE BUREAU’S NOVEMBER 10, 2020 EMERGENCY ORDER**

12 19. Since at least October 28, 2020, Respondents operated the Casino in a way that
13 threatened the public health, safety, and general welfare. The Casino’s outdoor facility was
14 open to the public, but did not comply with, and violated, the Public Health Order, the Outdoor
15 Guidelines, and the October 13, 2020, Sacramento County public health order.¹⁰ On October
16 30, the Bureau issued a Notice to Cure to the Casino’s designated agent detailing the Casino’s
17 failure to comply with Commission regulations, the Outdoor Guidelines, and the Lake Bowl
18 Cardroom Employees and Customer Guidelines. Exhibit 1 to this Accusation is a true copy of
19 the Notice to Cure.

20 20. On November 10, 2020, after the Casino failed to take corrective action,
21 Complainant issued, and the Bureau served, an Emergency Order on Respondents pursuant to
22 Business and Professions Code section 19931. Exhibit 2 to this Accusation is a true copy of the
23 Emergency Order. The Emergency Order directed the Casino to immediately suspend and
24 cease any and all indoor and outdoor gambling and gambling-related activities at the Casino and
25

26 ⁹ Effective November 13, 2020, Sacramento County will move to the more restrictive
27 purple tier due to increasing COVID-19 case rates. This status change does not appear to affect
the restrictions on card room operation from the October 13, 2020, Sacramento County public
health order, as discussed in paragraph 14 above.

28 ¹⁰ See *ante*, fn. 4.

1 close the gambling establishment. The Emergency Order advised Respondents of their right to
2 a hearing set forth in Business and Professions Code section 19931, subdivision (d).

3 CAUSE FOR DISCIPLINE

4 (Failing To Protect the Public Health, Safety, and General Welfare)

5 21. Respondents' licenses are subject to discipline because Respondents operated the
6 Casino in violation of the Public Health Order, the Outdoor Guidelines, the Commission's
7 emergency regulations, and the October 13, 2020, Sacramento County public health order
8 (collectively, Laws). The Laws were issued to protect the public health, safety, and general
9 welfare of California's citizens. By operating the Casino without complying with the Laws,
10 Respondents put the public at risk. Additionally, while acting in violation of the Laws,
11 Respondents operated the Casino in a manner that threatened, and failed to protect, the public
12 health, safety and general welfare.

13 (Bus. & Prof. Code, §§ 19857, 19920, 19922; Cal. Code Regs., tit. 4, §§ 12568, subd. (c)(3),
14 12371, subd. (g); Gov. Code, §§ 8567 & 8665; Health & Saf. Code, § 120275.)


15 PRAYER

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

- 18 1. Disciplining State Gambling License Number GEOW-000883, issued to
19 Waldemar Dreher, including suspension or revocation as appropriate;
- 20 2. Disciplining State Gambling License Number GEGE-000354, issued to the Lake
21 Bowl Cardroom, including suspension or revocation as appropriate;
- 22 3. Imposing fines or monetary penalties against Respondents, according to proof and
23 to the maximum extent allowed by law;
- 24 4. Awarding Complainant the costs of investigation and costs of bringing this
25 Accusation before the Commission, pursuant to Business and Professions Code section 19930,
26 subdivisions (d) and (f), in a sum according to proof; and
- 27 5. Taking such other and further action as the Commission may deem appropriate.
28

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

Dated: November 12, 2020


STEPHANIE SHIMAZU, Director
Bureau of Gambling Control
California Department of Justice

APPENDIX A – STATUTORY AND REGULATORY PROVISIONS

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

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

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

* * *

(k) In order to effectuate state policy as declared herein, it is necessary that gambling establishments, activities, and equipment be licensed, that persons participating in those activities be licensed or registered, that certain transactions, events, and processes involving gambling establishments and owners of gambling establishments be subject to prior approval or permission, that unsuitable persons not be permitted to associate with gambling activities or gambling establishments Any 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.

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

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

3. Business and Professions Code section 19823 provides:

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

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

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

5 (b) For the purposes of this section, "unqualified person" means a
6 person who is found to be unqualified pursuant to the criteria set forth in
7 Section 19857, and "disqualified person" means a person who is found to
be disqualified pursuant to the criteria set forth in Section 19859.

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

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

11 * * *

12 (b) For any cause deemed reasonable by the commission, . . . limit,
13 condition, or restrict any license, permit, or approval, or impose any fine
14 upon any person licensed or approved. The commission may condition,
15 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.

16 * * *

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

19 5. Business and Professions Code section 19825 provides:

20 The commission may require that any matter that the commission is
21 authorized or required to consider in a hearing or meeting of an
22 adjudicative nature regarding the denial, suspension, or revocation of a
23 license, permit, or a finding of suitability, be heard and determined in
24 accordance with Chapter 5 (commencing with Section 11500) of Part 1 of
25 Division 3 of Title 2 of the Government Code.
26
27
28

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

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

3 * * *

4 (b) To monitor the conduct of all licensees and other persons having a
5 material involvement, directly or indirectly, with a gambling operation or
6 its holding company, for the purpose of ensuring that licenses are not
7 issued or held by, and that there is no direct or indirect material
8 involvement with, a gambling operation or holding company by ineligible,
unqualified, disqualified, or unsuitable persons, or persons whose
operations are conducted in a manner that is inimical to the public health,
safety, or welfare.

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

11 * * *

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

15 7. Business and Professions Code section 19855 provides, in part:

16 [E]very person who, by statute or regulation, is required to hold a state
17 license shall obtain the license prior to engaging in the activity or
occupying the position with respect to which the license is required.

18 8. Business and Professions Code section 19856 provides, in part:

19 (a) The burden of proving his or her qualifications to receive any
20 license is on the applicant.

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

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

¹¹ "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd. (h).)

1 9. Business and Professions Code section 19857 provides:

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

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

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

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

15 10. Business and Professions Code section 19920 provides:

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

25 11. Business and Professions Code section 19922 provides:

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

12. 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.

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

(b) 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

1 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the
2 Government Code.

3 (c) In addition to any action that the commission may take against a
4 license, permit, finding of suitability, or approval, the commission may also
5 require the payment of fines or penalties. However, no fine imposed shall
6 exceed twenty thousand dollars (\$20,000) for each separate violation of any
7 provision of this chapter or any regulation adopted thereunder.

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

13 (1) The costs assessed pursuant to this subdivision shall be fixed
14 by 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
17 law judge may not increase the amount of any costs assessed in the
18 proposed decision.

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

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

26 * * *

27 (f) For purposes of this section, "costs" include costs incurred for any
28 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.

14. Business and Professions Code section 19931 provides:

(a) The department may issue any emergency orders against an
owner licensee or any person involved in a transaction requiring prior
approval that the department deems reasonably necessary for the
immediate preservation of the public peace, health, safety, or general
welfare.

1 (b) The emergency order shall set forth the grounds upon which
2 it is based, including a statement of facts constituting the alleged
3 emergency necessitating the action.

4 (c) The emergency order is effective immediately upon issuance
5 and service upon the owner licensee or any agent of the licensee
6 registered with the department for receipt of service, or, in cases
7 involving prior approval, upon issuance and service upon the person
8 or entity involved, or upon an agent of that person or entity authorized
9 to accept service of process in this state. The emergency order may
10 suspend, limit, condition, or take other action in relation to the license
11 of one or more persons in an operation without affecting other
12 individual licensees, registrants, or the licensed gambling
13 establishment. The emergency order remains effective until further
14 order of the commission or final disposition of any proceeding
15 conducted pursuant to subdivision (d).

16 (d) Within two calendar days after issuance of an emergency
17 order, the department shall file an accusation with the commission
18 against the person or entity involved. Thereafter, the person or entity
19 against whom the emergency order has been issued and served is
20 entitled to a hearing which, if so requested, shall commence within 10
21 business days of the date of the request if a gambling operation is
22 closed by the order, and in all other cases, within 30 calendar days of
23 the date of the request. On application of the department, and for good
24 cause shown, a court may extend the time within which a hearing is
25 required to be commenced, upon those terms and conditions that the
26 court deems equitable.

18 15. California Government Code section 8567, subdivision (b) provides:

19 Orders and regulations, or amendments or rescissions thereof,
20 issued during a state of war emergency or state of emergency shall be in
21 writing and shall take effect immediately upon their issuance.
22 Whenever the state of war emergency or state of emergency has been
23 terminated, the orders and regulations shall be of no further force or
24 effect.

23 16. California Government Code section 8665 provides:

24 Any person who violates any of the provisions of this chapter or
25 who refuses or willfully neglects to obey any lawful order or regulation
26 promulgated or issued as provided in this chapter, shall be guilty of a
27 misdemeanor and, upon conviction thereof, shall be punishable by a
28 fine of not to exceed one thousand dollars (\$1,000) or by imprisonment
for not to exceed six months or by both such fine and imprisonment.

17. California Health and Safety Code section 120275 provides:

Any person who, after notice, violates, or who, upon the demand of any health officer, refuses or neglects to conform to, any rule, order, or regulation prescribed by the department respecting a quarantine or disinfection of persons, animals, things, or places, is guilty of a misdemeanor.

18. California Code of Regulations, title 4, section 12371 provides, in part:

(a) A gambling enterprise must prepare and maintain an emergency sanitation plan. The emergency sanitation plan must be activated if the operating gambling establishment is subject to a state of emergency or other order and that state of emergency or other order is associated with a virus and includes an isolation, stay-at-home, telework, teleconferencing, or physical distancing order(s).

* * *

(g) Compliance with the requirements of this section does not exempt a gambling enterprise from any other federal, state, or local laws or other requirements imposed by entities with jurisdiction over the enterprise.

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

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

* * *

(c) The Administrative Law Judge and Commission shall base their decisions on written findings of fact, including findings concerning any relevant aggravating or mitigating factors. Findings of fact shall be based upon a preponderance of the evidence standard. The “preponderance of the evidence standard” is such evidence as when considered and compared with that opposed to it, has more convincing force, and produces a belief in the mind of the fact-finder that what is sought to be proved is more likely true than not true.

(d) Upon a finding of a violation of the Act, 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,

1 registration, permit, or approval, the Commission may do any one or more
2 of the following:

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

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

6 * * *

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

10 20. California Code of Regulations, title 4, section 12568, subdivision (c) provides, in
11 part:

12 A state gambling license, finding of suitability, or approval granted
13 by the Commission . . . and an owner license for a gambling
14 establishment if the owner licensee has committed a separate violation
15 from any violations committed by the gambling establishment shall be
subject to revocation by the Commission on any of the following
grounds:

16 * * *

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

20 (4) If the Commission finds the holder currently meets any of
21 the criteria for mandatory denial of an application set forth in
22 Business and Professions Code sections 19859 or 19860.
23
24
25
26
27
28

Exhibit 1



BUREAU OF GAMBLING CONTROL
2450 DEL PASO ROAD
SACRAMENTO, CA 95834

NOTICE TO CURE

October 30, 2020

Folsom Lake Bowl
c/o Monica Schoenfelder, Owner
511 East Bidwell Street
Folsom, CA 95630

SENT VIA CERTIFIED MAIL & EMAIL

Re: Violation at Folsom Lake Bowl Casino/File # BGC-SA2020-00069

Dear Ms. Schoenfelder:

The California Department of Justice, Bureau of Gambling Control (BGC) conducted a covert site visit at Folsom Lake Bowl during the month of October 2020. During the visit, BGC Special Agents observed multiple violations of the California Department of Public Health COVID-19 Industry Guidance for cardrooms,¹ and outdoor operations of cardrooms,² as well violations of the gambling establishment's Employee and Customer Guidelines (Sanitation Plan).

Violations

- **California Code of Regulations, title 4, section 12371**
- **COVID-19 Industry Guidance: Cardrooms, Satellite Wagering Facilities, and Racetracks (issued July 28, 2020)**
- **COVID-19 Industry Guidance: Outdoor Operations of Cardrooms (September 9, 2020)**
- **Lake Bowl Cardroom Employees and Customer Guidelines**

Findings

Failure to comply with California Department of Public Health Guidelines as well violations of the Gambling Enterprise's Employee and Customer Guidelines (Sanitation Plan).

- During the month of October, 2020, BGC Special Agents conducted a covert, unannounced site visit at Folsom Lake Bowl. Special Agents were present in the gambling establishment for approximately 2 hours during the visit.
- While in the gambling establishment, Special Agents observed multiple gambling establishment employees that never wore a face covering.
- Special Agents observed that there were no protective barriers or dividers between the patrons at Three Card Poker and 21st Century Black Jack.

¹ Available at <https://files.covid19.ca.gov/pdf/guidance-cardrooms-racetracks--en.pdf>

² Available at <https://files.covid19.ca.gov/pdf/guidance-outdoor-cardrooms--en.pdf>

- There were no temperature checks for patrons leaving the designated food area and entering the cardroom.
- Dealers were observed not sanitizing their hands when they started dealing at a new table.
- Most of the patrons in the gambling establishment were not wearing masks.
- Dealers were observed giving patrons congratulatory "high fives" after a winning hand.
- The floor manager "Scott" was observed continuously tending to the gaming area and cage. "Scott" was not wearing a mask and did not instruct any other employee or patron to wear one.

Immediate Action Required

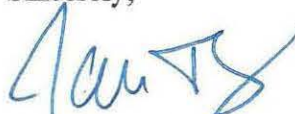
Folsom Lake Bowl is ordered to immediately abide by the California Department of Public Health Guidelines as well as the Folsom Lake Bowl Employee and Customer Guidelines (Sanitation Plan). Please ensure the deficiencies noted in this Notice to Cure are addressed and corrected immediately. Please address correspondence regarding the corrective action(s) that have been taken to:

**Department of Justice
Bureau of Gambling Control
Compliance and Enforcement Section
ATTN: Jamin Teague, Special Agent in Charge
2450 Del Paso Road
Sacramento, CA 95834**

The aforementioned violation and/or continued violations of any applicable governing ordinance, regulation, and/or law may result in disciplinary action against Folsom Lake Bowl. In addition, the California Gambling Control Commission (Commission) may take the violation into consideration when determining whether to revoke, deny, or approve a license and/or impose conditions. Any action taken by the Commission does not preclude identification of the violation as grounds for disciplinary action in any subsequent proceeding initiated by the Bureau pursuant to Business and Professions Code section 19930 or 19931.

If you have any questions regarding this Notice To Cure, please contact Special Agent in Charge Jamin Teague via phone at (916) 830-9048 or by email at Jamin.Teague@doj.ca.gov.

Sincerely,



JAMIN TEAGUE,
Special Agent in Charge, CES North

For XAVIER BECERRA
Attorney General

Folsom Lake Bowl
c/o Monica Schoenfelder
October 30, 2020
Page 3

cc: Frances Asuncion, Manager II – Cardroom Licensing Section

Exhibit 2

1 XAVIER BECERRA
Attorney General of California
2 SARA J. DRAKE
Senior Assistant Attorney General
3 WILLIAM P. TORNGREN
Supervising Deputy Attorney General
4 WILLIAM L. WILLIAMS, JR.
Deputy Attorney General
5 State Bar No. 99581
1300 I Street, Suite 125
6 P.O. Box 944255
Sacramento, CA 94244-2550
7 Telephone: (916) 210-7354
Fax: (916) 327-2319
8 E-mail: bill.williams@doj.ca.gov
Attorneys for Complainant
9

10 **BEFORE THE**
11 **CALIFORNIA GAMBLING CONTROL COMMISSION**
12 **STATE OF CALIFORNIA**
13

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

16 **Waldemar Dreher**, License Number GEOW-
000883, sole proprietor and doing business as
17 **Lake Bowl Cardroom**

18 511 East Bidwell Street
19 Folsom, California 95630

20 **Respondent.**
21

BGC Case No. HQ2020-00006AC

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

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8

$$\begin{matrix} 2 \\ 3 \end{matrix}$$

4
5
6
7
8

9
0
1
2

3
4
5

6
7
8
9
20
21
22
23

24
25
26

28

1 the Casino may reopen for business.

2 c. The Casino shall abide by all laws, regulations, and orders, including,
3 without limitation, any further orders and guidance from CDPH, Cal/OSHA, the
4 Commission, the Bureau, and any other state or local agency, as well as complying with
5 its own plan for reopening as described in paragraph 2a, above. This specifically
6 includes, but is not limited to, any emergency regulations that may be adopted by the
7 Commission.

8 d. The Casino shall abide by and obey immediately any future order to
9 cease or modify its operations for public health reasons.

10 **GROUND FOR THIS EMERGENCY ORDER**

11 **Jurisdiction – Licensure**

12 1. Owner is a licensee, owns as a sole proprietor, operates, and does business as the
13 Casino. The Casino is a six-table card room presently operating at 511 East Bidwell Street,
14 Folsom, California 95630, in Sacramento County, California.

15 2. The Commission issued the above-described licenses, which are valid until
16 February 28, 2021.

17 **Factual Basis – Failure To Protect the Public Health, Safety, and General Welfare**

18 3. In March, 2020, the Governor of the State of California (Governor) proclaimed a
19 state of emergency in response to the SARS-CoV-2, also known as the COVID-19, pandemic
20 (Pandemic). Under his emergency authority, the Governor issued several executive orders,
21 including Executive Order N-60-20, to protect the public health, safety, and welfare by
22 requiring closure of many California businesses, including licensed gambling establishments
23 (card rooms).² The executive orders issued by the Governor require that all California residents
24 heed the guidance and directives of the state public health officer. Government Code section
25 8567 provides, in part: “Orders and regulations, or amendments or rescissions thereof, issued
26

27 ² A copy of Executive Order N-60-20 may be viewed at:
28 <https://www.gov.ca.gov/wp-content/uploads/2020/05/5.4.20-EO-N-60-20.pdf>

1 during a . . . state of emergency shall be in writing and shall take effect immediately upon their
2 issuance.” Government Code section 8665 provides that any person who violates or who
3 refuses or willfully neglects to obey an executive order shall be guilty of a misdemeanor and on
4 conviction shall be punishable by a fine. Pursuant to the Governor’s executive orders, all
5 California card rooms, including the Casino, were required to be closed. While some other
6 closures are being lifted by the Governor, partially or in phases, the Casino is not permitted to
7 reopen legally indoors. The Pandemic continues.

8 4. In the interest of public health and allowing the card room industry an option to
9 safely resume operations, the Commission and the Bureau worked with the Governor’s Office,
10 the CDPH, and the Department of Industrial Relations to outline requirements for those card
11 rooms that choose to temporarily conduct gambling outdoors. On September 9, 2020, the
12 CDPH and Cal/OSHA issued the Outdoor Guidelines³ for card rooms that choose to conduct
13 gambling outdoors. Per the Statewide Public Health Officer Order (Public Health Order)
14 effective August 31, 2020,⁴ card rooms must follow the Outdoor Guidelines that are issued to
15 preserve public health, safety, and welfare. Further, on September 9, 2020, the Commission
16 advised all card rooms that they “must come into compliance with all outdoor gambling
17 requirements as soon as possible, but no later than Monday, September 28, 2020.”⁵ On October
18 13, 2020, the Sacramento County Health Officer issued an order under which certain sectors,
19 including card rooms, were permitted to open for outdoor operations only, and required
20 “mitigation measures (social distancing, face covering, and sanitization).”⁶

21 ³ See fn. 1, *supra*.

22 ⁴ A copy of this document may be viewed at:
23 [https://www.cdph.ca.gov/Programs/CID/DCDC/CDPH%20Document%20Library/COVID-19/8-28-20_Order-Plan-Reducing-COVID19-Adjusting-Permitted-Sectors-](https://www.cdph.ca.gov/Programs/CID/DCDC/CDPH%20Document%20Library/COVID-19/8-28-20_Order-Plan-Reducing-COVID19-Adjusting-Permitted-Sectors-Signed.pdf)
24 [Signed.pdf](https://www.cdph.ca.gov/Programs/CID/DCDC/CDPH%20Document%20Library/COVID-19/8-28-20_Order-Plan-Reducing-COVID19-Adjusting-Permitted-Sectors-Signed.pdf)

25 ⁵ A copy of the Commission’s advice may be viewed at:
26 [http://www.cgcc.ca.gov/documents/enabling/2020/COVID19/09.09.2020%20-](http://www.cgcc.ca.gov/documents/enabling/2020/COVID19/09.09.2020%20-%20Notice%20to%20Industry%20-%20Outdoor%20Gambling.pdf)
27 [%20Notice%20to%20Industry%20-%20Outdoor%20Gambling.pdf](http://www.cgcc.ca.gov/documents/enabling/2020/COVID19/09.09.2020%20-%20Notice%20to%20Industry%20-%20Outdoor%20Gambling.pdf)

28 ⁶ A copy of the Sacramento County Health Officer’s order may be viewed at:
<https://www.saccounty.net/COVID->

1 5. On October 30, 2020, the Bureau sent via e-mail and certified mail to the
2 designated agent of the Owner a "Notice to Cure," under which the Bureau notified the Owner
3 of the Casino's non-compliance with the Outdoor Guidelines as well as violations of Gambling
4 Enterprises's Employee Customer Guidelines (Sanitation Plan), citing specific violations that
5 occurred in October 2020.⁷ The Notice to Cure ordered the Casino "to immediately abide by
6 the California Department of Public Health Guidelines as well as the Lake Bowl Employee and
7 Customer Guidelines (Sanitation Plan)."

8 6. Notwithstanding the above, Owner continues to conduct, and currently conducts,
9 gambling-related activities at the Casino in violation of the Public Health Order and the
10 Outdoor Guidelines. The Casino's outdoor facility is open to the public, but does not comply
11 with, and violates, the Public Health Order and the Outdoor Guidelines. The Casino remains
12 open and operating while not complying with, and in violation of, the law. The Casino's
13 continued operation thus endangers the public health, safety, and general welfare.

14 7. In view of the foregoing, the Casino's continued operation without complying with
15 the Public Health Order, the Outdoor Guidelines, and other applicable state and local rules,
16 regulations, and orders poses an immediate threat to the public health, safety, and welfare. The
17 Casino's continued operation without complying with the Public Health Order, the Outdoor
18 Guidelines, and other applicable state and local rules, regulations, and orders also undermines
19 the public's trust and confidence that the Casino employs and maintains suitable methods of
20 operation to protect the public health, safety, and general welfare.

21 **AUTHORITY FOR EMERGENCY ORDER**

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

25
26 _____
27 19/Documents/20201013_Sacramento_County_Health_Order.pdf

28 ⁷ The Owner's designated agent initially indicated that she was unable to open the
Notice of Cure; however, on November 4, 2020, a Bureau special agent hand-delivered it to her.

1 9. All gambling establishments must be operated in a manner suitable to protect the
2 public health, safety, and general welfare of the state's residents. The responsibility for the
3 employment and maintenance of suitable methods of operation rests with the licensed owner.
4 (Bus. & Prof. Code, § 19920.)

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

8 11. The Bureau may issue an emergency order against an owner licensee when the
9 Bureau deems it reasonably necessary for the immediate preservation of the public peace,
10 health, safety, or general welfare. (Bus. & Prof. Code, § 19931, subd. (a).)


11 12. This Emergency Order is effective immediately upon issuance and service on
12 Owner or upon any agent of Owner registered with the Bureau for receipt of service. (Bus. &
13 Prof. Code, § 19931, subd. (c).)

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

17 14. Among other rights, the person or entity against whom this Emergency Order has
18 been issued and served is entitled to a hearing that, if so requested, shall commence within 10
19 business days of the date of the request if a gambling establishment is closed by the order, and
20 in all other cases, within 30 calendar days of the date of the request. On application of the
21 Bureau, and for good cause shown, a court may extend the time within which the hearing is
22 required to be commenced, upon those terms and conditions that the court deems equitable.
23 (Bus. & Prof. Code, § 19931, subd. (d).)

24 IT IS SO ORDERED.

25
26 Dated: November 10, 2020


STEPHANIE SHIMAZU, Director
California Department of Justice,
Bureau of Gambling Control

Notice of Designated Agent

Appointment of Designated Agent

BGC-APP-008 (Rev. 07/17)



DEPARTMENT OF JUSTICE
BUREAU OF GAMBLING CONTROL
(916) 830-1700

RECEIVED

NOV 10 2020

Bureau of Gambling
Control

APPOINTMENT OF DESIGNATED AGENT

Bureau of Gambling Control (Bureau) regulations, California Code of Regulations, Title 11, Division 3, Chapter 1, section 2030, allows an applicant or a licensee to designate a person(s) to serve as their agent(s). The designation shall specify the role and responsibility of the agent(s). The Bureau retains the right to exercise its discretion to disapprove, in whole or in part, such designation(s). The Chief has the authority to require a designated agent to be appointed, if it is determined that such a need exists. A separate form is required for each designation.

(Type or Print clearly in ink.)

1. Name of Owner Licensee/Applicant: Waldemar Dreher
2. Type of Entity: ☒ Sole Proprietor ☐ General Partnership ☐ Limited Partnership ☐ Corporation
☐ Limited Liability Company (LLC) ☐ Joint Venture ☐ Other _____
3. Name of Gambling Establishment: Lake Bowl Cardroom
4. Address of Gambling Establishment: 511 East Bidwell Street, Folsom Ca. 95630
5. Telephone Number: (916) 9834411
6. Name of Designated Agent: Monica Martin
7. Relationship to Gambling Establishment: ☐ Owner Licensee ☐ Attorney ☐ Employee
☒ Other Specify: Daughter
8. Mailing Address: 511 Bidwell Street, Folsom, Ca. 95630
9. Physical Address: Same
10. Telephone Number: (916) 223-4414
(During normal business hours)
11. Limit of Authority of Designated Agent: None

The undersigned hereby appoints the above named person as the designated agent for all purposes in dealing with the Bureau except as noted above in item 11.

This authorization will remain in effect until such time as the Bureau receives written notification of withdrawal of an appointment and/or a subsequent approved Appointment of Designated Agent form.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Waldemar Dreher

Owner

Applicant/Licensee Printed Name*

Title

Applicant/Licensee Signature*

11-10-2020

Date

* An Appointment of Designated Agent form must be signed by each of the following persons:

- A) If applicant/licensee is a sole proprietor, by the owner.
- B) If applicant/licensee is a general partnership, by all partners.
- C) If applicant/licensee is a limited partnership, by the general partner.
- D) If applicant/licensee is a corporation, LLC, or joint venture, by the highest ranking officer.

DECLARATION OF SERVICE BY E-MAIL and OVERNIGHT COURIER

Case Name: In the Matter of the Accusation Against: *Waldemar Dreher, dba Lake Bowl Cardroom*

Case No.: BGC-HQ2020-00006AC

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. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for overnight mail with **GOLDEN STATE OVERNIGHT COURIER SERVICE**. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the overnight courier that same day in the ordinary course of business.

On November 12, 2020, I served the attached **ACCUSATION AND ATTACHMENTS** by transmitting a true copy via electronic mail. In addition, I placed a true copy thereof enclosed in a sealed envelope, in the internal mail system of the Office of the Attorney General, for overnight delivery, addressed as follows:

Monica Martin, Designated Agent
Lake Bowl Cardroom
511 Bidwell Street
Folsom, CA 95630
EM:

Paul Cass
Law Office of Paul L. Cass
7777 Greenback Lane, Suite 107
Citrust Heights, CA 95610
Telephone: 916-536-1099
EM: casslaws@aol.com

Attorneys for Respondent

I declare under penalty of perjury under the laws of the State of California and the United States of America the foregoing is true and correct and that this declaration was executed on November 12, 2020, at Sacramento, California.

PAULA CORRAL
Declarant

Paula Corral
Signature