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

13
14 In the Matter of the Accusation Against:

15 LOUIS SARANTOS, JR.
Sole Proprietor, d.b.a.
16 CLOVIS 500 CLUB
771 W. Shaw Avenue, Suites 101-108
17 Clovis, California 95312

18 LICENSE NUMBER GEOW-002381

19 Respondent.
20
21

BGC Case No. HQ2015-00003AC

OAH No.: _____

ACCUSATION

22
23 Complainant alleges as follows:

24 **PARTIES**

25 1. Wayne J. Quint, Jr. (Complainant) brings this Accusation solely in his official
26 capacity as the Chief of the California Department of Justice, Bureau of Gambling Control
27 (Bureau).
28

1 2. On October 1, 2013, the California Gambling Control Commission (Commission)
2 issued an Owner's Gambling License, license number GEOW-002381, to Louis Sarantos, Jr.
3 (Respondent). Respondent owns and operates the Clovis 500 Club (license number GEGE-
4 001013) as a sole proprietor. Respondent's owner's gambling license and the Clovis 500 Club's
5 gambling establishment licenses will expire on September 30, 2015, unless renewed.

6 **FIRST CAUSE OF ACTION FOR DISCIPLINE**

7 **(Violation of Duty to Disclose Financial Interest Holder and Terms of Indebtedness)**

8 3. Respondent's owner's gambling license is subject to discipline in that, on or about
9 November 15, 2011, Respondent entered into a written agreement with John M. Cardot (Cardot),
10 an unlicensed person, under which Respondent granted to Cardot an irrevocable right to purchase
11 approximately a fifty-percent (50%) interest in the Clovis 500 Club. Cardot provided a loan of
12 approximately \$1.5 million to Respondent for the purpose of constructing tenant improvements
13 associated with the relocation of the Clovis 500 Club to its present location. In connection with
14 this loan, Respondent executed a secured promissory note in favor of Cardot in the approximate
15 amount of \$1.2 million (Promissory Note). The Promissory Note was, and is, secured by, among
16 other things, all personal property used by Respondent to operate the Clovis 500 Club. From
17 November 15, 2011, until July 17, 2015, Respondent concealed and failed to disclose to the
18 Bureau and the Commission the existence of this agreement with Cardot, and the existence and
19 terms of the Promissory Note, all in violation of Respondent's duty as a licensee to do so.

20 (Bus. & Prof. Code, §§ 19801, subs. (h), (i) & (k); 19824, subd. (d); 19971; 19866; 19852,
21 subd. (i); 19853, subd. (a)(6); 19852, subd. (a); 19857, subs. (a) & (b); & 19901.)

22 **SECOND CAUSE OF ACTION FOR DISCIPLINE**

23 **(Violation of Duty to Disclose Financial Interest Holders and Terms of Indebtedness)**

24 4. Respondent's owner's gambling license is subject to discipline in that, on or about
25 November 15, 2011, Respondent entered into a written agreement with Cardot which was
26 premised and based upon a joint venture agreement (Joint Venture Agreement) that was entered
27 into on or about November 10, 2011, between Cardot and six individual investors (Investors).
28 Each of the Investors contributed portions of the approximately \$1.5 million loan which was

1 provided by Cardot to Respondent as described in paragraph 3, above. As partial consideration
2 for the contributions of the Investors, Cardot granted each of them an option to purchase a
3 percentage interest in the Clovis 500 Club proportional to the contribution of each. The
4 Investors' options are contingent upon Cardot's exercise of the option extended to him under
5 Cardot's written agreement with Respondent. The Investors are Joseph F. Capps, Leon Bernardi,
6 Lodi Franesconi, Don G. Nicholson, Edward G. Mason, and Jon L. Strecker. The identity and
7 participation of the Investors was known to Respondent when Respondent entered into the written
8 agreement with Cardot as described in paragraph 3, above. Respondent's written agreement with
9 Cardot was also premised and based upon a business plan (Business Plan) under which the Clovis
10 500 Club would be incorporated and securities issued for the purpose of allocation between
11 Respondent, Cardot, and the Investors upon the exercise of their respective options to purchase
12 interests in the Clovis 500 Club pursuant to the Joint Venture Agreement. From November 15,
13 2011, until July 17, 2015, Respondent concealed from, and failed to disclose the existence of, the
14 Joint Venture Agreement, the participation of the Investors, the purchase options granted by
15 Cardot to the Investors, and the Business Plan to, the Bureau and the Commission, all in violation
16 of Respondent's duty as a licensee to do so.

17 (Bus. & Prof. Code, §§ 19801, subds. (h), (i) & (k); 19824, subd. (d); 19971; 19866; 19852,
18 subd. (i); 19853, subd. (a)(6); 19852, subd. (a); 19857 subds. (a) & (b); & 19901.)

19 JURISDICTION

20 5. Business and Professions Code, section 19823 provides:

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

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

26 (2) Assuring that there is no material involvement, directly or
27 indirectly, with a licensed gambling operation, or the ownership or
28 management thereof, by unqualified or disqualified persons, or by