



GAMBLING CONTROL COMMISSION

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JIM EVANS, CHAIRMAN
LAUREN HAMMOND
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TRANG TO

April 3, 2017

VIA CERTIFIED MAIL

Ms. Heather Guerena
Seven Mile Casino
750 B Street, Suite 2900
San Diego, CA 92101

Re: Approval of Temporary State Gambling License and Purchase Agreement

Dear Ms. Guerena:

At its March 23, 2017 meeting, the California Gambling Control Commission (Commission) approved Stones South Bay Corporation's Temporary State Gambling License with the following conditions:

1. *This temporary license takes effect on the date of issuance and expires on December 31, 2017. This temporary license is not subject to renewal and may be extended only by order of the Commission at its discretion, but in no case shall this temporary license exceed 24 months.*
2. *Issuance of this temporary license does not obligate the Commission to grant a regular license. Issuance of this temporary license does not create a vested right in the holder to either extension of the temporary license or to a regular license.*
3. *Issuance of this temporary license does not change the license qualification requirements of the Gambling Control Act, including the legal requirement that the burden of proving his or her qualifications to receive any license is on the applicant.*
4. *The Commission, when evaluating the applicant's pending application for a regular state gambling license, will consider the conduct of the applicant and its employees, if applicable, during the term of the applicant's temporary license.*
5. *Notwithstanding any other limitations on this temporary license, it is also subject to the discipline and penalties provided in Article 10 and Article 11 of the Gambling Control Act. The issuance of this temporary license is without prejudice to the Bureau's prosecution of an accusation.*
6. *The granting of this temporary license in no way diminishes the responsibilities or powers of the Bureau in enforcing the Gambling Control Act and other applicable laws and regulations with respect to the temporary license.*

7. *This temporary license will only be valid as long as an application for a regular license is currently pending.*
8. *The holder of this temporary license shall pay all applicable fees associated with that license as if the temporary were a regular license.*
9. *If a regular license is not issued within the valid time period of the temporary license, the temporary licensee may submit a request for a new temporary license.*
10. *Upon issuance or denial of a regular license, this temporary license shall become invalid.*
11. *The holder of a temporary license shall comply with all applicable provisions of the Gambling Control Act and Commission and Bureau Regulations.*
12. *The Commission may impose additional conditions to this temporary license in its sole discretion at any noticed public meeting. The imposition of additional conditions does not entitle the temporary licensee to an evidentiary hearing under the Gambling Control Act or Commission regulations.*
13. *Ryan Stone, Masis Kevorkian, and Kermit Schayltz, as holders of State Gambling Licenses through their ownership in Kings Casino, LLC, shall abide by all applicable conditions placed on their licenses as listed in the Stipulated Settlement approved by the Commission on September 8, 2016, specifically items 17a through 17e.*

The Commission also approved the Purchase Agreement between Stones South Bay Corporation and VC Cardroom, Inc. with the following conditions:

1. *Within 15 days after the close of escrow, Stones South Bay Corporation shall provide to the Bureau and the Commission copies of the stock certificates evidencing the shares issued, proof of compliance with the requirements of Business and Professions Code section 19882(c), and a legend identifying the restrictions of Business and Professions Code section 19904.*
2. *Within 15 days after the close of escrow, Stones South Bay Corporation shall provide to the Bureau and the Commission copies of all closing documents, including, without limitation:*
 - (a) *an escrow statement, bills of sale, and final "true up" statements;*
 - (b) *all transaction documents, fully executed by the parties including, without limitation, the promissory note and assignments of notes;*
 - (c) *all documents signed in connection the Comerica loan, including, without limitation, the Gambling Law Addendum;*

- (d) *written confirmation that Harvey Souza is no longer a manager in VC Bay Properties, LLC; and*
 - (e) *written confirmation that Harvey Souza will have no influence over the gaming operation.*
- 3. *Within 15 days after the close of escrow, Stones South Bay Corporation shall provide to the Bureau and the Commission written documentation evidencing the dissolution of VC Cardroom General Partnership.*
- 4. *Within 15 days after the close of escrow, Stones South Bay Corporation shall provide to the Bureau and the Commission written confirmation that no material change was made to the transactions and that the transactions are substantially the same as approved by the Commission.*
- 5. *Stones South Bay Corporation must provide written notification to the Bureau and the Commission if the Harvey and Bette Souza Living Trust becomes a member of Stone 215 Bay Blvd, LLC within 15 days of the Trust joining Stone 215. The written notification must include the amount of the Trust's capital contribution.*

The Commission will forward the Temporary State Gambling License certificate and endorsement upon receipt of the documents required by the conditions of the Purchase Agreement.

If you have any additional questions, you may contact me at (916) 274-6393.

Sincerely,



FRED CASTANO
Licensing Division

Enclosures

cc: Chula Vista Police Department