

STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF ALCOHOLIC BEVERAGE CONTROL

LICENSE NOS. 0231-33-014-007
0909-33-020-004

AGENCY NOS. S-07-34523
S-07-34804

DIVISION OF ALCOHOLIC
BEVERAGE CONTROL,

Petitioner,

v.

ROUTE 17 ENTERTAINMENT CORP.,
& SEA-CARD ENTERPRISES, INC.

Respondents.

CONSENT ORDER

Andrew R. Sapolnick, Deputy Attorney General
Attorney for the Division of Alcoholic Beverage Control
(Paula T. Dow, Attorney General, attorney)

John Inglesino, Esq.
Attorneys for Respondents

BY THE DIRECTOR:

~~These matters have been brought before the Director of the Division of Alcoholic Beverage Control, by the Division of Alcoholic Beverage Control represented by Paula T. Dow, Attorney General of New Jersey (Andrew R. Sapolnick, Deputy Attorney General appearing) and with notice to Respondents, Route 17 Entertainment, Corp., and Sea-Card Enterprises, Inc., represented by John Inglesino, Esq., and these matters having been amicably settled prior to hearing.~~

IT IS on this 17th day of January, ²⁰¹¹2010, hereby ORDERED with the consent of the parties:

1. Respondent Route 17 Entertainment Corp., hereby withdraws the not-guilty plea to the Charges under Agency Dkt. No. S-07-34523 and hereby enters a plea of "non vult" to Dkt. No. S-07-34523, and Respondent Sea-Card Enterprises, Inc., enters a

plea of "non vult" to Charges under Agency Dkt. No. S-07-34804, thereby waiving the right to any hearing or appeal whatsoever in connection with these charges.

2. The penalty sought by the Division for the violations alleged in the charges was the revocation of both licenses. In return for the "non vult" pleas, the Division will no longer seek this penalty. The parties have agreed to the following penalties in lieu of indefinite suspension and divestiture:

3. The Respondents will pay a monetary compromise of \$1.25 million in lieu of revocation of both licenses. The payment of the monetary compromise shall be paid as follows: A first installment of \$200,000 shall be paid at the time Respondents sign this Consent Order. A second installment of \$800,000 shall be paid by the close of business on February 28, 2011. A third installment of \$250,000 shall be paid by the close of business on December 31, 2011. These payments shall be made by certified check or attorney's account check to "Division of Alcoholic Beverage Control" bearing the numbers S-07-34523 and 07-34804 and sent to:

Division of Alcoholic Beverage Control
Attn.: Victoria Cummings, Enforcement Bureau
140 East Front Street, P.O. Box 087
Trenton, New Jersey 08625-0087

4. Luceen Cardinale and Anthony Cardinale, both agree that they will jointly and/or individually, personally guarantee the \$1.25 million monetary compromise outlined in paragraph 3. Luceen and Anthony Cardinale also agree to execute any and all documents the Division requests for each to effectuate the personal guarantee. "Personally guarantee" is defined as affirmatively assuming the obligation and responsibility to pay the \$1.25 million monetary compromise in lieu of indefinite suspension and divestiture should Route 17 Entertainment and/or Sea-Card not pay any portion of this monetary compromise in lieu of indefinite suspension and divestiture. ~~Luceen and Anthony Cardinale acknowledge the Division's ability and right to bring an action against them as well as Route 17 Entertainment and/or Sea-Card Enterprises in any forum it deems appropriate, in the event there is any unpaid portion of the \$1.25 million. In the event any portion of the \$1.25 million monetary compromise is not paid in accordance with this Consent Order, the entire outstanding balance shall become due immediately. Moreover, if any monetary compromise payment is not paid in accordance with this Consent Order, it will result in the immediate indefinite suspension of the license privilege of both licenses by ex parte Order of the Director. This Order of Suspension shall require no further notice and may be considered by the Director as a separate violation of the Division's regulations.~~

5. Luceen Cardinale shall divest herself of any and all interest in the licenses. Both licenses shall be transferred to Loren Cardinale or to any entity in which Loren Cardinale is the sole shareholder. The transferee entity must be approved of by the Division. This transfer must be completed by no later than February 28, 2011. If the licenses are not transferred by February 28, 2011, both licenses will be subject to immediate indefinite suspension by ex parte Order of the Director. If the licenses are not transferred by that date Respondents may apply to the Director to extend the time period to effectuate the transfer if it can demonstrate good cause for such relief. This Order of Suspension shall require no further notice and may be considered by the Director as a separate violation of the Division's regulations.
6. LATA Holdings Corporation is the landlord for Route 17 Entertainment's licensed premises and 201 Secaucus Road Corporation owns the property for Sea-Card Enterprises' licensed premises. Both landlords will enter into written leases with Loren Cardinale and/or any entity that holds these licenses for use of the property. Moreover the rent may not exceed market value for such leases. These leases must be approved of by the Division.
7. Nicholas Durso, the current general manager of both licensees, may no longer have any business connection with, or be employed by either license and must terminate any and all associations with either license by no later than January 31, 2011.
8. Upon Loren Cardinale obtaining these licenses, she shall hire a certified public accountant ("CPA") to ensure compliance with the Division's regulations and that the respective businesses are operating in accordance with generally approved accounting principles. This position shall not be filled by John Michaels, the current CPA. The Division shall approve the CPA and Loren Cardinale shall provide any and all documents and information requested by the Division in order for it to determine whether to approve the CPA. In the event either or both licenses have not been transferred by January 31, 2011, the current license holder will be bound to effectuate this provision by that date.

9. The CPA shall file quarterly reports with Division. These reports shall be in a form approved by the Division and provide information outlined by the Division in N.J.A.C. 13:2-23.32 that requires a licensee to maintain true books of account. Specifically, these reports must detail its daily income, expenditures, deposits into any bank account and list any and all cash within the licensees' possession. These reports must be provided to the Division by March 1, May 1, August 1, and November 1 for three years from the point after the licenses are held by Loren Cardinale or any entity in which she is a shareholder.
10. Loren Cardinale shall also hire an independent compliance officer. This compliance officer shall ensure that both licenses are operating in compliance with all applicable

federal, state, and local laws and regulations. The compliance officer shall have the authority to dismiss employees and to take any corrective actions should he/she deem such action appropriate. The Division shall approve the compliance officer and Loren Cardinalle shall provide any and all documents and information requested by the Division in order for it to determine whether to approve the compliance officer. In the event either or both licenses have not been transferred by January 31, 2011, the current license holder will be bound to effectuate this provision by that date.

11. The current license holders shall immediately dissolve any and all connections between each license and Anthony Cardinalle and/or any business or entity in which Anthony Cardinalle is an owner, employee, or consultant. Specifically, neither license shall allow Anthony Cardinalle or any business associated with him to operate automated teller machines (ATMs) or any other vending or gaming apparatus. Moreover, there shall be no co-mingling of assets or resources between these licenses and the business trading as the Harem presently located at 100 Route 17, Lodi, New Jersey, nor shall any of the Harem's documents or records be stored at either license premises. In addition, after the licenses have been transferred to Loren Cardinalle or any entity she has created as shareholder, Luceen Cardinalle is not to have any business connection, relationship, or employment with the license. In the event the provisions of this paragraph are violated by either licensee, both licenses will be subject to immediate indefinite suspension by ex parte Order of the Director. This Order of Suspension shall require no further notice and may be considered by the Director as a separate violation of the Division's regulations. Moreover, should either Luceen or Anthony Cardinalle have any business connection, relationship, or employment beyond what is permitted by this Consent Order, both licenses will be subject to revocation.
12. For purposes of this paragraph, a documented non-interest loan from Anthony Cardinalle and/or Luceen Cardinalle to Loren Cardinalle and/or the entity in which she is a sole shareholder for a sum up to the amount of \$1 million for payment of the monetary penalty outlined in this Consent Order and any documented repayment of this loan from proceeds of the licensed business shall be permissible ("Cardinalle loan"). It is understood and acknowledged that the Cardinalle loan may be made with borrowed funds. If the Cardinalle loan is not made with borrowed funds, then the loan shall be repaid with no interest. If however the Cardinalle loan is made with borrowed funds, then this loan shall be made on the same terms as the loan used to obtain the funds; it being understood that the Cardinalle loan is being made on a "pass through" basis. In no event shall Anthony Cardinalle, Luceen Cardinalle, nor any entity in which either has an interest shall earn any pecuniary profit from the Cardinalle loan. If an additional loan is needed to make the final \$250,000 installment of the monetary compromise as outlined in this Consent Order, then, in such event, Loren Cardinalle and/or any entity in which she is the sole shareholder,

upon good cause shown, may request the Director to within his discretion allow such a loan. Any and all loan documents shall be provided to the Division.

13. Loren Cardinale or any entity she has created as shareholder to hold the licenses shall sell/transfer both licenses to bona fide third parties by December 31, 2015. The Division shall approve each new license holder. In the event either license has not been sold/transferred to a bona fide third party by December 31, 2015, the license shall be immediately suspended for an indefinite period until such sale/transfer is effectuated.
14. Respondent hereby waives all rights to further hearings and appeals and to the repossession or return of any alcoholic beverages or evidence, as well as any cash or any other personalty seized in connection with the investigation of this matter, excluding books and records of the licensed business, and Respondent consents to the forfeiture of same and disposition by the Director in accordance with the provisions of N.J.S.A. 33:1-66 and/or N.J.S.A. 2C:64-1, et seq.
15. This Consent Order, terms thereunder, and conditions imposed are hereby attached to this license. Hence, the existing licensee and any prospective or subsequent transferee of this license takes and are bound by the terms and conditions imposed herein.


JERRY FISCHER
DIRECTOR