1	BEFORE THE CALIFORNIA GAMBLING CONTROL COMMISSION		
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4	In the Matter of the Application for Approval of Initial Key Employee License Regarding:	CGCC Case No. GCCC-2018-0525-9 BGC Case No. BGC-HQ2018-00042SL	
5	ALFRED DOUGLAS PEREZ		
6		DECISION AND ORDER	
7	Applicant.	Hearing Dates: Wednesday, January 9, 2019 Time: 10:00 a.m.	
8		10.00 a.m.	
9	This matter was heard by the California Gambling Control Commission (Commission)		
10	pursuant to Business and Professions Code sections 19870 and 19871 and Title 4, California		
11	Code of Regulations (CCR) section 12060, in Sacramento, California, on Wednesday, January 9		
12	2019.		
13	Deputy Attorney General Ronald Diedrich (Diedrich), Department of Justice, Attorney		
14	General's Office, State of California, represented complainant Stephanie Shimazu, Jr., Chief of		
15	the Bureau of Gambling Control (Bureau), Department of Justice, State of California		
16	(Complainant).		
17	Applicant Alfred Douglas Perez was present on his own behalf without representation		
18	(Applicant).		
19	During the administrative hearing, Presiding Officer Russell Johnson took official notice		
20	of the Conclusion of Prehearing Conference Letter, the Complainant's Statement of Reasons,		
21	Applicant's signed Notice of Defense, and the Notice of Hearing, which enclosed Applicant's		
22	State Gambling Application and the Bureau's Report.		
23	During the administrative hearing, Presiding Officer Russell Johnson accepted into		
24	evidence the following exhibits offered by the Complainant:		
25	(1) Statement of Reasons; State	ment to Respondent; copies of Bus. & Prof.	
26	Code, §§ 19870 & 19871; c	opy of Cal. Code. Regs., tit. 4, § 12060; August	
27	20, 2018, Declaration of Ser	rvice by Certified Mail Service; and Notice of	

1		Defense, dated June 6, 2018, Bates Nos. 001-025;	
2	(2)	California Gambling Control Commission Memorandum, Notices and	
3		Letters:	
4		a. April 23, 2018, Commission staff's Licensing Division Memorandum,	
5		sans attachments., Bates Nos. 026-028;	
6		b. May 25, 2018, Referral of Application to an Evidentiary Hearing and	
7		Issuance of Interim Renewal Portable Personal Key Employee License	
8		for Alfred Perez, sans enclosure, Bates Nos. 029-030;	
9		c. August 22, 2018, Notice of Hearing, with attachments and proof of	
10		service, Bates Nos. 031-047;	
11		d. October 31, 2018, Conclusion of Prehearing Conference, with October	
12		31, 2018, email from Presiding Officer Russell Johnson to Alfred Perez	
13		and Deputy Attorney General Ronald Diedrich regarding the	
14		prehearing conference, Bates Nos. 048-057; and	
15		e. December 6 & 7, 2018, email correspondence among Alfred Perez,	
16		Presiding Officer Russell Johnson to Alfred Perez and Deputy Attorney	
17		General Ronald Diedrich regarding Alfred Perez's December 6, 2018	
18		email to Presiding Officer Russell Johnson requesting a continuance,	
19		Bates Nos. 058-061.	
20	(3)	The Bureau of Gambling Control's (Bureau's) Information for Cardroom	
21		Key Employee Applicants and License History for Alfred Douglas Perez,	
22		with Certification of Official Records, Bates Nos. 062-064;	
23	(4)	Notification of Change in Key Employment Status, dated January 9, 2018,	
24		Bates Nos. 065;	
25	(5)	Redacted copy of Application for Gambling Establishment Key Employee	
26		License, with attachments, dated February 28, 2018, Bates Nos. 066-069;	
27	(6)	A copy of the Bureau's April 13, 2018, Cardroom Key Employee Renewal	
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(13) February 28, 2016, letter from Alfred Perez describing the circumstances that lead to his conviction in the case of People v. Alfred Douglas Perez (Sup. Ct. San Luis Obispo County, 2017, No. 17F-04751), and the consequences of that conviction, Bates Nos.160-161.

The matter was submitted on January 9, 2017.

FINDINGS OF FACT

- 1. On or about March 8, 2018, the Bureau received an Application for Gambling Establishment Key Employee License (Application) from Applicant.
- 2. With Applicant's Application, Applicant included a signed statement dated February 28, 2018 discussing an encounter on May 2017 with the police.
- 3. On or about April 13, 2018, the Bureau submitted a Cardroom Key Employee Background Investigation Report (Bureau Report) to the Commission recommending the Commission deny Applicant's Application.
- 4. On or about May 24, 2018, the Commission referred Applicant's Application to an evidentiary hearing, pursuant to CCR section 12054, subdivision (a)(2) to be held pursuant to CCR section 12060 with the Bureau to serve as Complainant. At that same time, the Commission issued Applicant an interim renewal license, GEKE-001568, valid during the pendency of this hearing or until May 21, 2020, whichever is sooner.
- 5. On or about June 13, 2018, Applicant submitted a signed Notice of Defense, dated June 6, 2018, wherein he requested an evidentiary hearing.
- 6. On or about August 20, 2018, the Complainant filed a Statement of Reasons with the Commission and served it on Applicant via certified mail and email. In its Statement of Reasons, Complainant recommended that the Commission deny Applicant's Application.
- 7. On or about August 22, 2018, the Commission sent a Notice of Hearing and Prehearing Conference, via US mail, to Applicant and Diedrich.
- 8. On or about October 31, 2018, the noticed prehearing conference was held before Presiding Officer Russell Johnson. Deputy Attorney General Diedrich attended on behalf of the

Complainant. Applicant appeared on his own behalf without representation.

- On or about October 31, 2018, the Commission sent a Conclusion of Prehearing Conference letter to Applicant and Diedrich.
- 10. The Commission heard CGCC Case No. CGCC-2018-0525-9 on January 9, 2018. The Complainant was represented throughout the hearing by Deputy Attorney General Diedrich.

 Applicant appeared on his own behalf and was without representation.
- 11. Applicant currently works at Outlaws Card Parlor (Outlaws) as a floor manager and dealer. Applicant has been in that capacity since December 28, 2017. Applicant began working in controlled gambling in 2006 and has been working in the gambling industry off and on since that time.
- 12. Applicant started working at Old Cayucos Tavern & Card Room with a work permit. After that he went to work for Oceana Cardroom from October 2008 until September 2016. While working at Oceana Cardroom, Applicant was promoted to a key employee position and obtained a key employee license GEKE-001568 on February 11, 2011. This license has been continuously renewed until it expired on May 25, 2018 and was replaced with an interim renewal license GEKE-001568.
- 13. During his time at these cardrooms, Applicant appeared to have a clean record as there was no evidence offered of any accusations or other disciplinary matters raised against him either from regulators or employers. In addition, there was no evidence that he provided false or misleading information on any prior applications that would rise to the Bureau recommending denial. There was no evidence offered of work performance issues as a work permittee or key employee at the various cardrooms. Lastly there was no evidence of any other criminal encounters during his time in the gambling industry prior to or subsequent to the current matter.¹

CRIMINAL ENCOUNTER ON MAY 14, 2017

14. On October 30, 2017, the San Luis Obispo County Superior Court convicted

¹ During the hearing Applicant testified to having a conviction for petty theft from 1992 and a wet and reckless driving conviction from 1998, and that both of these involved alcohol. There was no corroborating information provided for these convictions and in any event they are extremely old and not relevant to Applicant's current Application.

Applicant in the case of *People v. Alfred Douglas Perez* (Sup. Ct. San Luis Obispo County, 2017, No. 17F-04751) on a number of accounts stemming from an incident that happened on May 14, 2017. These convictions included:

- a. Vehicle Code section 2800.1, fleeing a police officer
- b. Penal Code section 148, subdivision (a)(1), obstructing/resisting a police officer
- c. Vehicle Code section 23152, subdivision (a), driving under the influence
- d. Vehicle Code section 23578, special allegation driving with a blood alcohol level of .15 or higher.

15. The police report entered into evidence reflects a very disturbing and dangerous encounter between Applicant and police on May 14, 2017. Essentially, Applicant had been drinking with friends and family before leaving in his vehicle. While Applicant was driving, police observed him driving in a dangerous manner. The police officer attempted to stop Applicant, but the Applicant failed to yield. Applicant then led the police on a low speed chase through a residential community where he stopped for a short time before driving away again once the police approached his vehicle. It was only when he turned into a dead end road that he was ultimately taken into custody. During that last stop the police had to approach the vehicle with weapons drawn, smash the driver's side window, and remove Applicant with the assistance of a police K9 who severely injured the Applicant in the process.

CRIMINAL CONDUCT

16. There are two main issues flowing from the criminal encounter. First is the encounter itself and Applicant's criminal conduct with the police. Each of his convictions is individually an area of concern, but the Vehicle Code section 2800.1 is the most egregious as fleeing from the police lawfully undertaking their duties must be carefully considered. ² Applicant was also driving under the influence, with an exceptionally high blood alcohol level such that he sustained an

² The Complainant cites *People v. Dewey* (1996) 42 Cal.App.4th 216, 221 to assert that a Vehicle Code section 2800.1 conviction is a crime of moral turpitude requiring the Commission to deny licensure. However, *Dewey*'s holding involves a Vehicle Code section 2800.2 conviction—not Vehicle Code section 2800.1. We are not persuaded that Vehicle Code 2800.1 convictions are necessarily crimes of moral turpitude.

enhancement penalty. Lastly, applicant also resisted arrest when finally stopped which prompted the use of police force.

17. Applicant's actions during this encounter raise a number of concerns about Applicant's ability to participate in controlled gambling. First and foremost, the fact that Applicant would flee the police, who were lawfully undertaking their duties, raises concerns about his ability to work with the Bureau and Commission in regulated gambling. Second, his driving under the influence puts everyone on the road, including Applicant, fellow drivers, pedestrians, and even the police in danger. Third, the fact that he resisted police officers' calls to exit his vehicle when prompted and forced the police to use a K9 raises doubts that Applicant would yield to appropriate gambling authorities.

18. It is unquestioned that Applicant is responsible for his egregious conduct as he pled guilty to all the convictions and accepted responsibility at the hearing. However, the Commission is also aware that all of these convictions occurred as part of a single extended encounter with the police divorced from a relatively clean record before hand, and so far, afterward. Indeed, Applicant had nearly 11 years working in the gambling environment before the incident, and almost a year and a half after the incident with no criminal incidents, disciplinary matters, or employment issues involving gambling. It is also important to note that Applicant's driving under the influence conviction was combined with an enhancement provision for excessive alcohol at or around three times the legal limit which may have adversely affected Applicant's judgment and ability to process information during the encounter. These effects are consistent with Applicant's piecemeal recollection of that night as reflected in his testimony and his earlier statement to the Bureau as well as his testimony that his multiple stops were from a misguided and ineffective attempt to stop his vehicle in a safe place.

LETTER TO THE BUREAU

19. The second issue related to the encounter is how Applicant addressed these events to the Bureau and Commission. Applicant submitted a letter with his application package wherein he described the incident in pertinent part stating:

I was intoxicated and confused. When the police officer turned on his lights to pull me over I continued driving for a while. I thought it would be okay for me to find a safe place to pull over. As a result I led the Police through my neighborhood. I wasn't speeding or breaking traffic laws, just wanted to leave my car in a safe place. Finally, I came to a stop and was arrested for DUI. Since I didn't pull over right away the Police tacked on other charges including felony evading arrest. I spent that night in jail and posted bail the next day. Evading arrest was an exaggeration of the event.

- 20. The police report however paints a far more serious encounter than described by Applicant. The initial contacting officer observed applicant going well over the speed limit and driving recklessly. The officer attempted to affect a traffic enforcement stop, but Applicant kept driving and refused to yield. At one point Applicant did stop his car on the shoulder, but left the engine running and when police officers approached the car with guns drawn, Applicant drove away.
- 21. While driving, Applicant committed several moving violations driving through a residential area, where he ultimately turned into a dead end. When there, he turned his car around and began to drive towards the officers; stopping approximately 15 feet in front of the line of police vehicles that had blocked the street but leaving the vehicle engine running. The officers reflected in their reports that they were concerned for their safety. Applicant failed to show his hands or exit the vehicle when prompted. This resistance led the Police to smash his window with a baton and a police K9 biting him in the stomach, and when he did not yield, his arm. Both bites caused extensive harm to his body and required medical treatment. Lastly, Applicant complied with only one field sobriety test, but refused three others and when he was taken to the hospital and asked to perform a breath test for alcohol, he failed seven times before successfully completing two breath samples which reflected a .223% and a .233% blood alcohol content (BAC) level. These facts were not reflected in his letter.
- 22. The Commission therefore must carefully scrutinize Applicant's letter to determine Applicant's intent in omitting these details. Either this letter could be viewed as intentionally misleading in that it omitted a great deal of pertinent details, and through those omissions he intended to deceive both the Bureau and the Commission as to the severity of the encounter, or alternatively that Applicant did not recall the detail and severity of the encounter as

described in the police report and instead honestly believed it was not as serious as described.

- 23. In support of the later interpretation are two key facts. The first involves Applicant's poor unaided recollection of the encounter with the police. Applicant credibly testified that he never saw the police report or a dash cam video of the encounter prior to the Bureau providing it in its disclosures for this evidentiary hearing after Applicant had already provided the letter. Applicant's only interaction with the police report was indirectly through his defense attorney during the criminal proceedings when discussing the encounter. Applicant testified that he didn't obtain a copy of the police report prior to writing the letter. Also, Applicant stated that he had no interaction with the Commission prior to the meeting where his application was referred to a hearing, and the hearing itself, as his prior applications were all approved. He did not understand he should have provided a more detailed discussion of the encounter which would have required him obtaining the police report. He testified that he regrets that he didn't obtain a copy of the report and would do differently now.
- 24. Additionally, Applicant stated that his memory of the encounter was so poor that he initially felt the police report was inaccurate at places even after reviewing it. It was only when he saw the dash cam video that he realized those particular things were true. He doesn't doubt the police report now. It is uncontroverted that Applicant was overwhelmingly intoxicated during the encounter. Indeed, a BAC of .223% or .233% is of such a high level that it is both sufficient to warrant a conviction for driving under the influence, but also for an enhancement provision. This level of BAC necessarily impairs judgment and impacts recollection of events while under the influence.
- 25. Second, is the shear egregiousness of the facts. If for the sake of argument, Applicant had a good recollection of the encounter it would serve no purpose for him to intentionally mislead the Bureau about its severity which is both relatively recent but also readily verifiable. Indeed, Applicant's actions would have even been more inept at deception as he both listed the convictions on his application and then discussed the encounter in his letter. Applicant essentially provided a guided path for the Bureau to investigate and discover the ultimate details

of the encounter with which he was ultimately questioned. The only argument for deception is that he stopped short of providing details highlighted in the Bureau report and argued at the hearing.

26. The Commission does not find a deception theory credible. Rather these actions are more consistent with an individual who was trying to be honest as he provided the letter to the Bureau, unprompted, and without the aid of a police report or dash cam video. Furthermore, for reasons that are unclear the Bureau asked no follow up questions about the encounter or the discrepancy between the police report and his letter which might have aided in assessing Applicant's credibility.

POSITIVE BEHAVIOUR FOLLOWING THE ENCOUNTER

- 27. Applicant testified that following the encounter he abstained entirely from alcohol for several months and also voluntarily entered into a 9 month alcohol program instead of a required 3 month program. He believes he learned a lot and has moderated his drinking. He never drinks at work, and only drinks a few beers on special occasions.
- 28. Applicant remains on probation but has already paid all applicable fees. He also has a payment plan for his fines which he is current on. At the hearing Applicant also readily agreed to possible conditions including prohibitions on drinking or continuing alcohol treatment programs and stated he welcomed feedback from peers.
- 29. Additionally, Applicant's testimony at the hearing discussing the encounter was credible. He appeared to understand the gravity of the encounter and how fortunate he was the police officers acted the way they did. He appreciated the police doing their job and the danger that he had placed them in. He was apologetic and remorseful.
 - 30. The matter was submitted for Commission consideration on January 9, 2019.

LEGAL CONCLUSIONS

31. An application to receive a license constitutes a request for a determination of the applicant's general character, integrity, and ability to participate in, engage in, or be associated with, controlled gambling. (Bus. & Prof. Code § 19856, subd. (b).)

- 32. At an evidentiary hearing pursuant to Business and Professions Code sections 19870 and 19871 and Title 4, CCR section 12060 the burden of proof rests with the applicant to demonstrate why a license or other approval should be issued. (Cal. Code Regs., tit. 4, § 12060, subd. (i); Bus. & Prof. Code § 19856, subd. (a).)
- 33. Public trust and confidence can only be maintained by strict and 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. (Bus. & Prof. Code § 19801, subd. (h).)
- 34. The Commission has the responsibility of 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. (Bus. & Prof. Code § 19823, subd. (a)(1).)
- 35. An "unqualified person" means a person who is found to be unqualified pursuant to the criteria set forth in Business and Professions Code section 19857, and "disqualified person" means a person who is found to be disqualified pursuant to the criteria set forth in Business and Professions Code section 19859. (Bus. & Prof. Code § 19823, subd. (b).)
- 36. The Commission has the power to deny any application for a license, permit, or approval for any cause deemed reasonable by the Commission. (Bus. & Prof. Code § 19824, subd. (b).)
- 37. No gambling license shall be issued unless, based on all of the information and documents submitted, the commission is satisfied that the applicant is a person of good character, honesty and integrity. (Bus. & Prof. Code § 19857, subd. (a).)
- 38. No gambling license shall be issued unless, based on all of the information and documents submitted, the commission is satisfied that the applicant is a person whose prior activities, criminal record, if any, reputation, habits, and associations do not pose a threat to the public interest of this state, or to the effective regulation and control of controlled gambling, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in

the conduct of controlled gambling or in the carrying on of the business and financial arrangements incidental thereto. (Bus. & Prof. Code § 19857, subd. (b).)

- 39. The commission shall deny a license to any applicant who is disqualified for failure of the applicant to provide information, documentation, and assurances required by this chapter or requested by the chief, or failure of the applicant to reveal any fact material to qualification, or the supplying of information that is untrue or misleading as to a material fact pertaining to the qualification criteria. (Bus. & Prof. Code § 19859, subd. (b).)
- 40. Applicant's convictions raise doubts about his suitability for licensure both from the standpoint of his character but also whether he poses a threat to controlled gambling.

 Applicant's criminal convictions however when weighed against other favorable evidence paint a more nuanced picture. Applicant had nearly 11 years working in the gambling environment before the incident, and almost a year and a half after the incident with no criminal incidents, disciplinary matters, or employment issues involving gambling. Applicant's candor along with his readiness to take responsibility and appreciation of the police officers at the hearing indicate a person who is also deeply troubled by what he did and reflects a desire to do right moving forward.
- 41. After balancing this evidence and when looking at applicant's drunken actions during this isolated incident, the Commission believes that any outstanding concerns can be rectified by Applicant's compliance with license conditions discussed below. Applicant's compliance with these conditions will alleviate any lingering concern about Applicant's character and his involvement in controlled gambling. Respondent has therefore met his burden of proving that he is a person a person of good character, honesty, and integrity, and whose prior activities, criminal record, if any, reputation, habits, and associations do not pose a threat to the public interest of this state, or to the effective regulation and control of controlled gambling, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of controlled gambling or in the carrying on of the business and financial arrangements incidental thereto. Therefore, Respondent is qualified to receive a key employee license pursuant

to Business and Professions Code section(s) 19857(a) & (b). 42. Respondent has met his burden of proving that he is not disqualified from licensure pursuant to Business and Professions Code section 19859 in that his letter while omitting important details of his encounter was not intended to deceive the Bureau and Commission. While the information provided was incomplete, it was because he lacked the memory of the encounter rather than due to an intent to deceive or mislead the Bureau and Commission. /// /// ///

1 NOTICE OF APPLICANT'S APPEAL RIGHTS 2 Applicant has the following appeal rights available under state law: 3 CCR section 12064, subsections (a) and (b) provide, in part: 4 An applicant denied a license, permit, registration, or finding of suitability, or whose license, permit, registration, or finding of suitability has had 5 conditions, restrictions, or limitations imposed upon it, may request reconsideration by the Commission within 30 calendar days of service of 6 the decision, or before the effective date specified in the decision, whichever is later. The request shall be made in writing to the 7 Commission, copied to the Bureau, and shall state the reasons for the request, which must be based upon either newly discovered evidence or 8 legal authorities that could not reasonably have been presented before the Commission's issuance of the decision or at the hearing on the matter, or 9 upon other good cause which the Commission may decide, in its sole discretion, merits reconsideration. 10 Business and Professions Code section 19870, subdivision (e) provides: 11 A decision of the commission denying a license or approval, or imposing 12 any condition or restriction on the grant of a license or approval may be reviewed by petition pursuant to Section 1085 of the Code of Civil 13 Procedure. Section 1094.5 of the Code of Civil Procedure shall not apply to any judicial proceeding described in the foregoing sentence, and the 14 court may grant the petition only if the court finds that the action of the commission was arbitrary and capricious, or that the action exceeded the 15 commission's jurisdiction. 16 CCR section 12066, subsection (c) provides: 17 A decision of the Commission denying an application or imposing conditions on license shall be subject to judicial review as provided in 18 Business and Professions Code section 19870, subdivision (e). Neither the 19 right to petition for judicial review nor the time for filing the petition shall be affected by failure to seek reconsideration. 20 /// /// 21 /// 22 23 24 25 26 27 28

1 **ORDER** 2 1. ALFRED DOUGLAS PEREZ' Application for Approval of Initial Key Employee 3 License is APPROVED with the following conditions: 4 a. Condition 1 - PEREZ must refrain from any alcohol consumption in any 5 gambling establishment where he is employed or otherwise present. 6 b. Condition 2 - PEREZ is required to attend on a monthly basis and for the 7 duration of his license, alcohol related counseling or treatment, whether 8 individually or in a group. PEREZ must provide documentation of that 9 attendance to the Bureau every 90 days commencing on the date this Decision 10 and Order is effective. 11 c. Condition 3 - PEREZ is required to provide the Bureau a detailed report of any 12 interaction with the police or other law enforcement officials within 48 hours. 13 2. No costs are to be awarded. 14 3. Each side to pay its own attorneys' fees. 15 This Order is effective on Thursday, February 07, 2019. 16 17 Signature: 18 Paula LaBrie, Commissioner 19 20 Signature: 21 Gareth Lacy, Commissioner 22 23 Signature: 24 Trang To, Commissioner 25 26 27 Chairman Evans did not participate in the hearing or deliberation of this decision and order.