1 **BEFORE THE** 2 CALIFORNIA GAMBLING CONTROL COMMISSION 3 In the Matter of the Application for Work CGCC Case No. CGCC-2023-0504-5 4 Permit for: BGC Case No. BGC-HQ2023-00005SL 5 **DECISION AND ORDER DORA CHRISTINA BROWN** 6 7 Applicant. Hearing Dates: December 12, 14, 2023 10:00 a.m. Time: 8 9 This matter was heard by the California Gambling Control Commission (Commission)¹ 10 pursuant to Business and Professions Code sections² 19870 and 19871 and Title 4, California 11 Code of Regulations (CCR) section 12060, in Sacramento, California, and held via Zoom video 12 conference, on December 12 and 14, 2023.³ 13 James Waian, Deputy Attorney General, State of California (DAG Waian), represented 14 complainant Yolanda Morrow, Director of the Bureau of Gambling Control (Bureau), Department 15 of Justice, State of California. 16 Applicant Dora Brown (Brown) appeared on her own behalf and was represented by 17 attorney Tiffany Lichtig. 18 During the evidentiary hearing, Presiding Officer Russell Johnson (Presiding Officer) took 19 official notice of the following documents: the Commission's Notice and Agenda of Commission 20 Hearing, the Commission's Conclusion of Prehearing Conference Letter and Rulings on 21 Prehearing Motions, the Commission's Notice of Hearing with two attachments: (a) Brown's 22 Application for Work Permit and (b) the Bureau's Work Permit Background Investigation Report, 23 with attachments; the Bureau's Statement of Reasons, and Brown's signed Notice of Defense. 24 ¹ Commissioner Galgiani was present during the hearing and in deliberations, but resigned her 25 position effective January 15, 2024, before the decision was finalized. ² All references to statute refer to the California Business and Professions Code unless otherwise 26 stated. ³ The hearing was noticed for December 12, 14, and 15, 2023. However, the hearing was 27 completed and the administrative record closed on December 12, 2023. The Commission met in open session briefly on December 14, 2023, and entered closed session for deliberations. The December 15, 28 2023, hearing date was cancelled.

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Pursuant to a stipulation between the parties, the Presiding Officer accepted into evidence Exhibits 1 through 16 offered by the Bureau, which contain bates numbering BGC 001 through BGC 680 with a Table of Contents that separately identifies each document.

Pursuant to a stipulation between the parties, the Presiding Officer accepted into evidence Exhibits A through H offered by Brown, which contain bates numbering DCB 001 through DCB 082 with a Table of Contents that separately identifies each document.

On December 12, 2023, the Presiding Officer closed the administrative record and the matter was submitted to the Commission for consideration.

FINDINGS OF FACT

I. PROCEDURAL HISTORY

Renewal of Owner License

- 1. From July 1995 to June 2021, Brown was the sole owner of Outlaws Card Parlour (Outlaws) in Atascadero, California under license number GEOW-002950. In June 2020, Brown, as a sole proprietor, filed an application with the Bureau to renew the State Gambling License issued to her and Outlaws (Renewal Owner License Application).
- 2. On or about May 3, 2017, the Bureau received an application for State Gambling License from Outlaws 101, LLC as the prospective owner licensee of Outlaws. On or about April 19, 2017, Thomas Bartlett and John Wrona each submitted an Application for State Gambling License as members of Outlaws 101, LLC (New Owner Applications).
- 3. On October 12, 2018, the Bureau received an Asset Purchase and Sale Agreement between Brown and Outlaws 101, LLC for Brown to sell her interest in the cardroom.
- 4. On May 8, 2019, the Bureau served a Letter of Warning (May 2019 LOW) on Outlaws alleging violations of the Gambling Control Act (Act), California Penal Code, Commission regulations, and Atascadero Municipal Code for failing to ensure cardroom dealers rotated the player-dealer position⁴ and prominently displayed work permits ("badges").

⁴ Section 19805, subdivision (ag) defines the player-dealer as "a position in a controlled game, as defined by the approved rules for that game, in which seated player participants are afforded the temporary opportunity to wager against multiple players at the same table, provided that this position is rotated amongst the other seated players in the game." California Penal Code section 330.11 provides in part that a

- 5. On June 17, 2019, the Bureau served a Letter of Warning (June 2019 LOW) on Outlaws alleging multiple violations of the Act and the Atascadero Municipal Code for violations of internal Minimum Internal Control Standards (MICS),⁵ unlicensed persons performing owner or key employee duties, minors on the gaming floor, and failing to continuously and systematically rotate the player-dealer position and prominently display badges.
- 6. Brown submitted a Corrective Action Plan (CAP) in response to the May 2019 LOW and June 2019 LOW. The Bureau in turn sent Letters of Acknowledgment to Brown on June 10, 2019, and July 11, 2019, acknowledging receipt of the CAPs. The Letters of Acknowledgement warned that the Commission may take the violations into consideration when determining whether to deny, approve or impose conditions on a license and that continued violations may result in disciplinary action against Outlaws.
- 7. On June 19, 2020, the Bureau filed an accusation against Brown as the sole proprietor of Outlaws. The pleading included similar allegations to those in the May 2019 LOW and June 2019 LOW.
- 8. On September 24, 2020, the Commission considered approval of the sale transaction and the New Owner Applications. The Commission took no action on the sale transaction and referred the New Owner Applications to a hearing.
- 9. On October 30, 2020, the Bureau submitted a Gambling Establishment and Owner Renewal Report to the Commission recommending that the Commission deny Brown's Renewal Owner License Application.
- 10. On January 7, 2021, the Commission referred consideration of Brown's Renewal Owner License Application to an evidentiary hearing to be conducted under the Administrative Procedure Act (APA) and be consolidated with the accusation. An interim renewal license was issued to Brown valid through July 31, 2022.
 - 11. On May 20, 2021, the Commission issued a decision after conclusion of an evidentiary

[&]quot;banked game" does not include a controlled game if the published rules of the game feature a playerdealer position and provide that this position must be continuously and systematically rotated amongst each of the participants during the play of the game.

⁵ MICS are regulations contained in CCR sections 12380-12396 and contain the minimum requirements to operate a gambling establishment. (CCR section 12380(a).)

consider the merits of Brown's Application, the Bureau Report, and any recommendation of the Bureau.

- 20. On June 23, 2023, the Commission sent a Notice of Hearing to Brown and DAG Waian providing that an evidentiary hearing would be held before the Commission on December 12, 14, and 15, 2023.
- 21. On October 27, 2023, the Commission received the Bureau's Statement of Reasons, within which the Bureau requests that the Commission deny Brown's Application based on violations that occurred while she was the sole owner of Outlaws.

II. VIOLATIONS AT OUTLAWS UNDER BROWN'S OWNERSHIP

- 22. In November 2018 and January 2019, the Bureau received complaints alleging multiple violations at Outlaws. Bureau Field Representative Rosa Medina (Medina) was assigned to investigate the complaints concerning Outlaws, which included making unannounced site visits and reviewing surveillance footage. Medina testified that her investigatory findings resulted in service of the May 2019 LOW, June 2019 LOW, and the Accusation. The violations and concerns identified by Medina's investigation can be broken into five categories, all of which are highly relevant to Brown's suitability for licensure.
- First Concern: Permitting Operation of Cardroom by an Unlicensed Individual
- 23. The June 2019 LOW discusses multiple violations relating to duties performed by Neal Franklin (Franklin) requiring licensure as an owner or key employee. Franklin was Outlaws' landlord and owner of the adjoining restaurant. Franklin was not licensed by the Commission or permitted by the local jurisdiction and was not a cardroom employee in any capacity.
- 24. On July 2, 2019, Brown responded to the June 2019 LOW with a CAP (July 2019 CAP). In the July 2019 CAP, Brown states that she will prohibit Franklin from entering the cage or exercising any control over Outlaws' operations.
- 25. In March 2020, Medina requested additional surveillance footage from Outlaws to verify that the surveillance system was fully operational after undergoing repairs. The footage covered February 19-20, 2020 (February 2020 Footage). In reviewing the February 2020 Footage, Medina saw many instances of Franklin making changes to Outlaws player waiting list and

interest board, speaking and gesturing towards gaming tables for patrons to take seats, assisting and speaking with dealers, and requesting items to be passed to and from him and the cage by Outlaws' employees.

Second Concern: MICS Violations

- 26. The June 2019 LOW outlined violations of MICS relating to the security of Outlaws' cage, chips, and cash, including multiple instances of cash and chips left unattended and handled by Franklin, and persons entering the cage unattended and without signing in on the cage log.
- 27. Brown's July 2019 CAP asserted that a new policy was instituted prohibiting unlicensed persons from entering the cage and limiting TPPPS personnel from entering the cage to access the TPPPS podium unless a key employee or owner was present. Brown agreed to put a sign outside of the cage prohibiting entry of unlicensed persons and a sign inside the cage reminding entrants to sign the cage log. Brown agreed to draft a formal procedure for unlicensed persons to receive cage funds and represented that Outlaws would move all restaurant related functions to another area in the building.
- 28. Thereafter, Medina reviewed the February 2020 Footage and found approximately nine instances of chips left unattended on tables and several instances of Franklin handling documents passed to him from the cage by Outlaws' employees. Cardroom staff also performed the drop count on the gaming floor while two patrons were present after the cardroom was closed. *Third Concern: Minors on the Gaming Floor*
- 29. According to Medina's February 14, 2019, progress report, Outlaws had a Security & Surveillance Plan prohibiting persons under age 21 from entering the gaming floor. Medina also noted in her January 10, 2019, report that there was a "21 year and older" sign at the entrance to Outlaws.
- 30. According to the June 2019 LOW, Outlaws allowed minors to loiter on the gaming floor in violation of the Act and Atascadero Municipal Code. Medina viewed surveillance footage from November 17, 2018, showing that while Brown was present in the cardroom, Franklin directed five patrons onto the gaming floor where they remained for approximately 1.5 hours; two of the patrons appeared to be between the age of 7 and 12 and another was likely

dealer who failed to comply with the rotation requirements. This dealer was identified in Medina's reports and will be referred to herein as Dealer Z.

- 39. Brown's May 2019 CAP asserts that she will notify all dealers of the player-dealer rotation requirement and any dealers not following the rule will be disciplined accordingly.

 Brown states that Dealer Z was specifically spoken with about the requirement.
- 40. However, after receipt of the May 2019 CAP, Medina reviewed additional surveillance for four days in July 2019 and found Dealer Z was still not properly rotating the player-dealer position. On October 3, 2019, Medina called Outlaws and reported the non-compliance by Dealer Z to a key employee.
- 41. Thereafter, when Medina reviewed the February 2020 Footage, she again found that Dealer Z was not rotating the player-dealer position as required.

RELEVANT STATUTORY AND REGULATORY PROVISIONS

- 42. Division 1.5 of the Business and Professions Code, the provisions of which govern the denial of licenses on various grounds, does not apply to licensure decisions made by the Commission under the Gambling Control Act. Business and Professions Code section 476(a).
- 43. 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. Business and Professions Code section 19801(h).
- 44. An application for a work permit may be granted or denied by the Commission for any cause specified in the Act. Business and Professions Code section 19912(d).
- 45. The Commission's responsibilities include assuring that licenses, approvals, and permits are not issued to, or held by, unqualified or disqualified persons, or persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare. Business and Professions Code section 19823(a)(1).
- 46. An "unqualified person" means a person who is found to be unqualified pursuant to the criteria set forth in Section 19857, and "disqualified person" means a person who is found to be disqualified pursuant to the criteria set forth in Section 19859. Business and Professions Code section 19823(b).

ASSESSMENT OF SUITABILITY FOR LICENSURE

53. Brown's testimony at the hearing indicates that she received and carefully considered the May 2019 LOW and June 2019 LOW and wrote CAPs to address the violations. However, Brown did not follow through with ensuring compliance with the plans set forth in the CAPs resulting in continuing violations in all areas with the exception of minors loitering on the gaming floor.

- 54. Brown contends that Medina only reviewed surveillance footage from a limited number of days, and overall, Brown was a compliant owner. However, the fact that Medina discovered numerous violations over such a short time period can also indicate that there were many additional violations that Medina did not discover.
- 55. Brown additionally argued that the violations and allegations raised by the Bureau did not indicate any financial misfeasance on Brown's part and therefore the Commission should not be concerned with her continuing to work for outlaws as a bookkeeper. However, the bookkeeping duties Brown performs, as indicated in her testimony and Application, are extremely important to maintaining the financial integrity of the gambling operation. Brown allowed many violations to occur as an owner, including MICS violations relating to the security of chips and funds without acting to cure the violations after notice. Therefore, Brown's arguments are not persuasive.
- 56. Brown provided testimony and evidence that the new owners want to continue to employ her as a bookkeeper. Brown further testified that she was put in a difficult position by the lengthy process of consummating the sale over a period of time where she no longer wanted to operate and manage the cardroom. This decision does not discuss that evidence in detail because it was not sufficient to alleviate the Commission's concerns resulting from the five areas of violations noted in Medina's reports, the May 2019 LOW, and June 2019 LOW.
- 57. Regarding the first concern relating to Brown's allowing Franklin, an unlicensed person, to manage the cardroom, the June 2019 LOW provides multiple examples of violations witnessed by Medina. In the July 2019 CAP, Brown claimed that she would prohibit Franklin from entering the cage or exercising any control over operations. However, the February 2020

footage showed that Franklin continued to direct patrons and staff.

58. MICS constitute the minimum requirements for operation of a cardroom. Outlaws did not meet these minimum requirements. Under Brown's ownership there was little regard for the security of Outlaws' cage, chips, and cash, which continued after issuance of the June 2019 LOW. At the highest level of being an owner, Brown did not ensure the security of the funds flowing through the cardroom.

59. While there was no evidence of recurring violations of minors on the gaming floor after the May 2019 LOW, the fact that such violations occurred at all, and Brown's explanation for the violations, are extremely concerning to the Commission. The Act prohibits persons under 21 years of age from loitering in or about the gaming floor, with a knowing violation constituting a misdemeanor. Brown testified that she believed minors were allowed on the gaming floor since food was served there. However, Outlaws had a written policy and sign at the entrance prohibiting minors from entry. Brown willfully ignored the information right in front of her, exposing young children to an activity that the Legislature has determined should not be accessible to persons under age 21. Further, the instances noted by Medina's investigation of minors loitering in the cardroom were egregious in that the minors were very young and present in the cardroom for extended periods of time while Brown was also present.

- 60. Failure of Outlaws staff to wear badges extended amongst all positions. The measures set forth in the July 2019 CAP were not put into place, as evidenced from the February 2020 footage which showed multiple staff without visible badges.
- 61. Finally, the failure of dealers to rotate the player-dealer position was egregious, particularly in relation to Dealer Z. Brown was specifically alerted that Dealer Z was not rotating the player-dealer position in the June 2019 LOW and again through an October 2019 phone call from Medina to a key employee. Yet, when Medina viewed the February 2020 footage, Dealer Z remained non-compliant. Offering games that do not comply with the Bureau's approved game rules and the rotation requirements essentially resulted in the provision of games outside the authority of the license provided to Brown and Outlaws.

⁷ Section 19941 contains the prohibitions for persons under 21 relating to controlled gambling.

NOTICE OF APPLICANT'S APPEAL RIGHTS 1 2 Brown has the following appeal rights available under state law: 3 CCR section 12064, subdivisions (a) and (b) provide, in part: (a) After the Commission issues a decision following a GCA hearing conducted 4 pursuant to Section 12060, an applicant denied a license, permit, registration, or finding of suitability, or whose license, permit, registration, or finding of 5 suitability has had conditions, restrictions, or limitations imposed upon it, may request reconsideration by the Commission. A request for reconsideration must 6 7 (1) Made in writing to the Commission, copied to the Complainant. The Bureau may provide a written response to the Commission within 10 calendar days 8 of receipt of the request; and (2) Received by the Commission and Complainant within 30 calendar days of 9 service of the decision, or before the effective date specified in the decision, 10 whichever is earlier. 11 (b) A request for reconsideration must state the reasons for the request, which must be based upon either: 12 (1) Newly discovered evidence or legal authorities that could not reasonably have been presented before the Commission's issuance of the decision or at the 13 hearing on the matter; or, 14 (2) Other good cause which the Commission may decide, in its sole discretion, merits reconsideration. 15 Business and Professions Code section 19912, subdivision (e) provides: 16 An order of the commission denying an application for, or placing restrictions or conditions 17 on, a work permit, including an order declining to issue a work permit following review 18 pursuant to paragraph (3) of subdivision (c), may be reviewed in accordance with subdivision (f) of Section 19870. 19 20 Business and Professions Code section 19870, subdivision (f) provides: 21 A decision of the commission denying a license or approval, or imposing any condition or restriction on the grant of a license or approval may be reviewed by 22 petition pursuant to Section 1085 of the Code of Civil Procedure. Section 1094.5 of the Code of Civil Procedure shall not apply to any judicial proceeding described 23 in the foregoing sentence, and the court may grant the petition only if the court finds that the action of the commission was arbitrary and capricious, or that the 24 action exceeded the commission's jurisdiction. 25 CCR section 12066, subdivision (c) provides, in part: 26 Neither the right to petition for judicial review nor the time for filing the petition shall be affected by failure to seek reconsideration. 27 /// 28

1 **ORDER** 2 1. Dora Brown's Application for a Work Permit is DENIED. 3 2. Dora Brown's Temporary Work Permit, Number GEWP-003075 is void and cannot be 4 used hereafter. 5 3. No costs are awarded. 6 4. Each side to pay its own attorneys' fees. 7 This Order is effective on March 22, 2024 8 Dated: 2/22/2024 9 Signature: 10 Paula LaBrie, Chair 11 DocuSigned by: Eric Heins 12 Signature: 13 Eric Heins, Commissioner 14 DocuSigned by: Dated: <u>2/22/2024</u> 15 Signature: 16 William Liu, Commissioner 17 DocuSigned by: Dated: 2/22/2024 18 Signature: 19 Edward Yee, Commissioner 20 21 22 23 24 25 26 27 28 14

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