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BEFORE THE
CALIFORNIA GAMBLING CONTROL COMMISSION

In the Matter of the Application for Approval
of Initial State Gambling License for Oasis
Card Room (GEGE-001339) of:

Todd J. Mather
GEOW-003450

Applicant.

BGC Case No. BGC-HQ2015-00010SL
CGCC Case No. CGCC-2015-0326-4

**RECONSIDERED DECISION AND
ORDER**

Hearing Dates: April 11-12, 2016
Time: 10:00 a.m.

This matter was heard by the California Gambling Control Commission (Commission) pursuant to Business and Professions Code sections 19870 and 19871 and Title 4, California Code of Regulations (CCR) section 12060, in Sacramento, California, from April 11-12, 2016.

William P. Torngren (Torngren), Deputy Attorney General, State of California, represented complainant Wayne J. Quint, Jr., Chief of the Bureau of Gambling Control (Bureau), Department of Justice, State of California.

Applicant Todd J. Mather (Mather), owner and sole proprietor of Oasis Card Room (Oasis), appeared on his own behalf.

During the administrative hearing, Presiding Officer Jason Pope took official notice of the Notice of Hearing and Prehearing Conference, with enclosures, sent by the Commission to Mather, Teresa Prominski (Prominski), Designated Agent for Oasis, and Torngren, on June 12, 2015.

During the administrative hearing, Presiding Officer Jason Pope accepted into evidence the following exhibits offered by the Bureau:

- (1) Statement of Reasons; Statement to Respondent; copies of Business and Professions Code Sections 19870 & 19871; copy of California Code of Regulations, title 4, § 12060; and Certificate of Service by Certified Mail Service dated November 24, 2015, Bates Nos. BGC 001-018;
- (2) Notice of Defense dated April 3, 2015, Bates Nos. BGC 019-020;

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- (3) Referral to Evidentiary Hearing letter dated March 27, 2015, Bates Nos. BGC 021-022;
- (4) CGCC letter dated November 23, 2015 re Notice of Rescheduled Hearing and Prehearing Conference, Bates Nos. BGC 023-025;
- (5) Addendum to the Denial Background Investigation Report dated March 10, 2015, Bates Nos. BGC 026-039;
- (6) Background Investigation Report dated February 13, 2015, Bates Nos. BGC 040-075;
- (7) State Gambling License Financial Review dated January 23, 2015, Bates Nos. BGC 076-097;
- (8) Application for State Gambling License dated January 15, 2013, Bates Nos. BGC 098-101;
- (9) Supplemental Background Investigation information dated December 31, 2012, Bates Nos. BGC 102-124;
- (10) Commission Licensing Division Memorandum dated November 6, 2014, Bates Nos. BGC 125-126;
- (11) Temporary License Request dated September 24, 2013, Bates Nos. BGC 127-164;
- (12) Email correspondence between licensing staff and Todd Mather regarding financial background dated November 14, 2014, Bates Nos. BGC 165-168;
- (13) Licensing contact sheet with Todd Mather regarding loan between Mather Bros., Inc., and Tommy T's Sports Bar dated October 14, 2014, Bates No. BGC 169;
- (14) Email correspondence between licensing staff and Todd Mather regarding down payment for Oasis dated March 26, 2014, Bates Nos. BGC 170-171;
- (15) Email correspondence between licensing staff and Todd Mather with attachments dated January 21, 2014, Bates Nos. BGC 172-179;

1 (16) Email correspondence between licensing staff and Todd Mather with
2 attachments dated January 16, 2014, Bates Nos. BGC 180-183; and

3 (17) Email correspondence between licensing staff and Mather regarding
4 Additional Information request dated August 7, 2013, Bates Nos. BGC
5 184-185.

6 During the administrative hearing, Presiding Officer Jason Pope accepted into evidence
7 the following exhibit offered by the Bureau:

8 (1) California Department of Justice, Bureau of Gambling Control,
9 Application for State Gambling License Initial Background Investigation
10 Report for Todd Mather, Oasis Cardroom, February 2015, Commission
11 Exhibit 1.

12 The matter was submitted on April 12, 2016.

13 FINDINGS OF FACT

14 1. Oasis Card Room is a gambling establishment that was licensed to operate on
15 December 31, 1999 or submitted an application prior to September 1, 2000 to operate the
16 establishment and its license has not been surrendered.

17 2. On or about January 15, 2013, Mather, as owner and sole proprietor of Oasis,
18 submitted an Application for State Gambling License (Application) to the Commission.

19 3. On or about November 7, 2013, the Commission granted a Temporary State Gambling
20 License to Mather as the sole proprietor of Oasis.

21 4. At its March 26, 2015 meeting, the Commission voted to refer consideration of
22 Mather's Application to an evidentiary hearing.

23 5. On or about March 27, 2015, the Executive Director of the Commission referred the
24 consideration of Mather's Application to a Gambling Control Act (GCA) evidentiary hearing
25 pursuant to CCR section 12060.

26 6. On or about April 3, 2015, Mather submitted a Notice of Defense to the Commission
27 requesting an evidentiary hearing on the consideration of his Application.

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1 7. On or about June 12, 2015, the Commission served a Notice of Hearing and
2 Prehearing Conference on Mather, Prominski and Torngren via certified mail.

3 8. On or about September 10, 2015, the Commission served an Updated Notice of
4 Hearing and Prehearing Conference on Mather, Prominski and Torngren via certified mail.

5 9. On or about September 23, 2015, the noticed Prehearing Conference was held before
6 Presiding Officer Jason Pope, Attorney III of the Commission. William P. Torngren, Deputy
7 Attorney General, attended on behalf of the Bureau. Todd Mather failed to attend and was not
8 represented at the Prehearing Conference.

9 10. On or about September 23, 2015, the Commission served a Conclusion of Prehearing
10 Conference letter on Mather and Torngren.

11 11. On or about November 23, 2015, the Commission served a Notice of Rescheduled
12 Hearing and Prehearing Conference on Mather, Prominski and Torngren.

13 12. On or about November 24, 2015, the Bureau filed a Statement of Reasons with the
14 Commission and served the Statement of Reasons on Mather via certified mail. In its Statement
15 of Reasons, the Bureau recommends the denial of Mather's Application.

16 13. On or about January 23, 2016, a second noticed Prehearing Conference was held
17 before Presiding Officer Jason Pope, Attorney III of the Commission. William P. Torngren,
18 Deputy Attorney General, attended on behalf of the Bureau. Todd Mather failed to attend and
19 was not represented at the second noticed Prehearing Conference.

20 14. On or about January 24, 2016, the Commission served a second Conclusion of
21 Prehearing Conference letter on Mather, Prominski and Torngren.

22 15. The Commission heard Case No. CGCC-2015-0326-4 from April 11-12, 2016. The
23 Bureau was represented throughout the hearing by Deputy Attorney General William P.
24 Torngren. Applicant Todd Mather represented himself throughout the hearing.

25 16. Mather is a one third owner of Mather Bros, Inc. (Mather Bros).

26 17. Mather has been the owner of Tommy T's Sports Bar, Inc. dba Tommy T's Sports Bar
27 (Tommy T's) since July 1, 2007.

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1 18. Oasis is located in the same building as Tommy T's, and within the space
2 encompassing Tommy T's.

3 19. The Balance Sheet for Tommy T's reflected a loan from Mather Bros entitled "Mather
4 Bros Loan" in the amount of \$145,044.97 as of December 31, 2011.

5 20. The Balance Sheet for Tommy T's reflected a Mather Bros Loan in the amount of
6 \$183,041.57 as of December 31, 2012.

7 21. The Balance Sheet for Tommy T's reflected a Mather Bros Loan in the amount of
8 \$160,103.69 as of December 31, 2013.

9 22. The "Mather Bros Loan" that was recorded on the Balance Sheets for Tommy T's was
10 not recorded on the Mather Bros Balance Sheets for December 31, 2011, 2012 or 2013.

11 23. The "Mather Bros Loan" from Mather Bros to Tommy T's was fictitious and never
12 existed.

13 24. Mather knew that there was no loan from Mather Bros to Tommy T's in 2011, 2012
14 and 2013.

15 25. On or about March 20, 2013, Mather submitted a Balance Sheet and Profit and Loss
16 Statement for Tommy T's to the Bureau. These documents referred to the existence of a loan
17 from Mather Bros to Tommy T's.

18 26. On or about August 5, 2013, Dawn Ward (Ward), Administrator I with the Bureau,
19 sent an email to Mather asking "on the Tommy T's Sports Bar, Inc. Balance Sheet, what is the
20 \$183,041 loan from Mather Bros for? And why did the loan increase between 2011 and 2012?"

21 27. On or about August 7, 2013, Mather sent an email to Ward in response to her August
22 5, 2013 email. Mather wrote "The Mather Bros Loan is for the initial start up of Tommy T's for
23 improvements to open the place up. Tommy T's borrowed an additional \$40k to purchase our
24 own Stage Lights, Sound System, Etc. for the in house concerts instead of renting the equipment
25 like in the past."

26 28. Mather knew that there was no loan from Mather Bros to Tommy T's at the time he
27 sent his August 7, 2013 email to Dawn Ward, and knew that any reporting of the loan was
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1 inaccurate.

2 29. On or about September 24, 2013, the Bureau sent a letter to the Commission
3 addressing Mather's request for a temporary state gambling license. The letter provides that
4 Tommy T's has a loan from Mather Bros for \$183,041, which increased by \$37,997 between
5 2011 and 2012.

6 30. During the hearing, Mather testified that he had received and reviewed the Bureau's
7 September 24, 2013 letter to the Commission prior to Commission issuance of a temporary state
8 gambling license to Mather. Mather knew that the letter contained false information regarding a
9 fictitious loan from Mather Bros to Tommy T's.

10 31. Mather failed to correct the inaccurate information contained in the Bureau's
11 September 24, 2013 letter to the Commission regarding the existence of a loan from Mather Bros
12 to Tommy T's prior to the Commission granting Mather a temporary state gambling license on or
13 about November 7, 2013.

14 32. On or about October 7, 2014, Prominski, a bookkeeper retained by Mather, sent a
15 letter to the Bureau stating that "per our current CPA as of 12/31/13, we were advised to remove
16 the loan balance from Tommy T's balance sheet, it was an error - and if you review Mather Bros,
17 Inc., Balance sheet, it was never registered there as an outstanding balance from Tommy T's."

18 33. The October 7, 2014 letter from Prominski was reviewed and approved by Mather
19 prior to being sent to the Bureau.

20 34. On or about October 14, 2014, Ward engaged in a telephonic conversation with
21 Mather. During this conversation, Mather stated that the loan between Mather Bros and Tommy
22 T's had "gone away;" that there was money for a remodel but "there is no more;" and that the
23 loan was fully paid off.

24 35. Mather knew that there was no loan between Mather Bros and Tommy T's as of his
25 October 14, 2014 telephonic conversation with Ward.

26 36. On or about December 9, 2014, Mather submitted, or caused to be submitted, to the
27 Bureau, a "Transactions by Account" ledger for an item labeled "Mather Bros Loan." The
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1 "Transactions by Account" ledger contained transactions related to the "Mather Bros Loan" from
2 January 1, 2007 to December 13, 2012.

3 37. The transactions contained in the "Transactions by Account" ledger for the "Mather
4 Bros Loan" were fictitious and never actually occurred.

5 38. On or about December 19, 2014, the Bureau's Audits and Compact Compliance
6 Section (ACCS) staff met with Mather and Prominski. During the meeting, ACCS staff asked
7 about the Mather Bros Loan. Mather responded that a loan to Mather Bros does not exist.
8 Mather also stated that their former CPA/bookkeeper posted transactions as part of the Mather
9 Bros Loan in order to reduce his tax liability.

10 39. On or about December 29, 2014, Mather sent a letter to the Bureau. In the letter,
11 Mather writes that the "Mather Bros Loan" on Tommy T's Balance Sheet "never existed and was
12 never reported on Mather Bros Balance Sheet."

13 40. During the hearing, Mather testified that he intended for the Bureau to rely on the
14 information he provided to the Bureau regarding the Mather Bros Loan to make a
15 recommendation with respect to his Application.

16 41. Mather testified that he understood that he had a duty of full and true disclosure in his
17 Application and all related and subsequent communications with the Bureau.

18 42. Having reliable and accurate financial information is material to the Bureau's ability
19 to make proper recommendations on state gambling license applications and to the Commission's
20 ability to make proper decisions regarding whether to grant or deny state gambling license
21 applications.

22 43. An applicant's submission of financial information to the Bureau contains information
23 that is material to qualification criteria for a state gambling license.

24 44. Mather provided untrue, inaccurate, inconsistent and/or misleading information as to
25 facts material to qualification criteria for a state gambling license as follows:

- 26 a. By providing Balance Sheets to the Bureau for Tommy T's as of December 31,
27 2011, 2012, and 2013 that reflect a Mather Bros Loan that Mather knew never
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1 existed;

- 2 b. By providing, on or about March 20, 2013, a Profit and Loss Statement for
3 Tommy T's to the Bureau that reflects a Mather Bros Loan that Mather knew
4 never existed;
- 5 c. By sending an email to the Bureau, on or about August 7, 2013, describing the
6 purpose of the Mather Bros Loan, and the reason for its increase between 2011
7 and 2012, despite the fact that Mather knew the Mather Bros Loan never
8 existed;
- 9 d. By telling the Bureau, during a telephonic conversation on or about October
10 14, 2014, that the Mather Bros Loan had "gone away" and was fully paid off,
11 despite the fact that Mather knew the Mather Bros Loan never existed;
- 12 e. By providing, on or about December 9, 2014, a "Transactions by Account"
13 ledger for an item labeled "Mather Bros Loan," which contained transactions
14 related to that loan from January 1, 2007 to December 13, 2012, to the Bureau
15 despite the fact that Mather knew the Mather Bros Loan never existed and that
16 the transactions reflected on the "Transactions by Account" ledger were
17 fictitious;

18 45. An applicant that provides untrue, inaccurate, inconsistent and/or misleading
19 information to the Bureau and/or Commission demonstrates a lack of ability to participate in,
20 engage in, or be associated with, controlled gambling.

21 46. An applicant that provides untrue, inaccurate, inconsistent and/or misleading
22 information to the Bureau and/or Commission demonstrates a lack of good character, honesty and
23 integrity.

24 47. An applicant that provides untrue, inaccurate, inconsistent and/or misleading
25 information to the Bureau and/or Commission poses a threat to the effective regulation and
26 control of controlled gambling and enhances the dangers of unsuitable practices, methods and
27 activities in the conduct of controlled gambling or in the carrying on of the business and financial
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1 arrangements incidental thereto.

2 48. The Bureau was unable to complete an accurate financial background investigation of
3 Mather because he provided untrue, inaccurate, inconsistent and/or misleading financial
4 information related to Tommy T's to the Bureau.

5 49. Mather's failure to inform the Bureau and Commission regarding the fact that the
6 Mather Bros Loan did not exist until after he was issued a temporary state gambling license
7 demonstrates a lack of good character, honesty and integrity.

8 50. During the hearing, Mather testified that he did not "look at" the financial documents
9 he sent to the Bureau.

10 51. The manner in which Mather conducts his businesses, including reporting fictitious
11 loans to reduce his tax liability and failing to "look at" financial documents that are sent to the
12 Bureau, poses a threat to the effective regulation and control of controlled gambling and in the
13 carrying on of the business and financial arrangements incidental thereto.

14 52. All documentary and testimonial evidence submitted by the parties that is not
15 specifically addressed in this Decision and Order was considered but not used by the Commission
16 in making its determination on Mather's Application.

17 53. The matter was submitted for Commission consideration on April 12, 2016.

18 LEGAL CONCLUSIONS

19 54. Division 1.5 of the Business and Professions Code, the provisions of which govern the
20 denial of licenses on various grounds, does not apply to licensure decisions made by the
21 Commission under the Gambling Control Act. Business and Professions Code section 476(a).

22 55. Public trust and confidence can only be maintained by strict and comprehensive
23 regulation of all persons, locations, practices, associations, and activities related to the operation
24 of lawful gambling establishments and the manufacture and distribution of permissible gambling
25 equipment. Business and Professions Code section 19801(h).

26 56. The Commission has the responsibility of assuring that licenses, approvals, and
27 permits are not issued to, or held by, unqualified or disqualified persons, or by persons whose
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1 operations are conducted in a manner that is inimical to the public health, safety, or welfare.
2 Business and Professions Code section 19823(a)(1).

3 57. An “unqualified person” means a person who is found to be unqualified pursuant to
4 the criteria set forth in Section 19857, and “disqualified person” means a person who is found to
5 be disqualified pursuant to the criteria set forth in Section 19859. Business and Professions Code
6 section 19823(b).

7 58. The Commission has the power to deny any application for a license, permit, or
8 approval for any cause deemed reasonable by the Commission. Business and Professions Code
9 section 19824(b).

10 59. The burden of proving his or her qualifications to receive any license from the
11 Commission is on the applicant. Business and Professions Code section 19856(a).

12 60. An application to receive a license constitutes a request for a determination of the
13 applicant’s general character, integrity, and ability to participate in, engage in, or be associated
14 with, controlled gambling. Business and Professions Code section 19856(b).

15 61. In reviewing an application for any license, the commission shall consider whether
16 issuance of the license is inimical to public health, safety, or welfare, and whether issuance of the
17 license will undermine public trust that the gambling operations with respect to which the license
18 would be issued are free from criminal and dishonest elements and would be conducted honestly.
19 Business and Professions Code section 19856(c).

20 62. At an evidentiary hearing pursuant to Business and Professions Code sections 19870
21 and 19871 and CCR section 12060(b), the burden of proof rests with the applicant to prove his or
22 her qualifications to receive any license under the Gambling Control Act. CCR section 12060(i).

23 63. No gambling license shall be issued unless, based on all of the information and
24 documents submitted, the commission is satisfied that the applicant is a person of good character,
25 honesty, and integrity. Business and Professions Code section 19857(a).

26 64. No gambling license shall be issued unless, based on all of the information and
27 documents submitted, the commission is satisfied that the applicant is a person whose prior
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1 activities and criminal record, if any, reputation, habits, and associations do not pose a threat to
2 the public interest of this state, or to the effective regulation and control of controlled gambling,
3 or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities
4 in the conduct of controlled gambling or in the carrying on of the business and financial
5 arrangements incidental thereto. Business and Professions Code section 19857(b).

6 65. The Commission shall deny a license to any applicant who is disqualified for failure of
7 the applicant to provide information, documentation, and assurances required by this chapter or
8 requested by the chief, or failure of the applicant to reveal any fact material to qualification, or the
9 supplying of information that is untrue or misleading as to a material fact pertaining to the
10 qualification criteria. Business and Professions Code section 19859(b).

11 66. Mather did not submit any documents or have any witnesses testify in favor of
12 granting his Application. Through his testimony, Mather failed to demonstrate that his general
13 character and integrity supports a determination that he has the ability to participate in, engage in,
14 or be associated with, controlled gambling. As a result, Mather did not meet his burden of
15 proving his qualifications to receive a state gambling license pursuant to Business and Professions
16 Code section 19856(a) and CCR section 12060(i).

17 67. Mather has failed to meet his burden of demonstrating that he is a person of good
18 character, honesty, and integrity. Therefore, Mather is unqualified for the issuance of a state
19 gambling license pursuant to Business and Professions Code section 19857(a).

20 68. Mather has failed to meet his burden of demonstrating that he is a person whose prior
21 activities, criminal record, habits, and associations do not pose a threat to the public interest of
22 this state, or to the effective regulation and control of controlled gambling, or create or enhance
23 the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of
24 controlled gambling or in the carrying on of the business and financial arrangements incidental
25 thereto. Therefore, Mather is unqualified for the issuance of a state gambling license pursuant to
26 Business and Professions Code section 19857(b).

27 69. Mather failed to provide information, documentation, and assurances required by this
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1 chapter or requested by the chief, and failed to reveal facts material to qualification, and supplied
2 information that is untrue or misleading as to a material fact pertaining to the qualification
3 criteria. Therefore, Mather is disqualified from the issuance of a state gambling license pursuant
4 to Business and Professions Code section 19859(b).

5 NOTICE OF APPLICANT'S APPEAL RIGHTS

6 Mather has the following appeal rights available under state law:

7 CCR section 12064, subsections (a) and (b) provide, in part:

8 An applicant denied a license, permit, registration, or finding of suitability, or whose
9 license, permit, registration, or finding of suitability has had conditions, restrictions,
10 or limitations imposed upon it, may request reconsideration by the Commission
11 within 30 calendar days of service of the decision, or before the effective date
12 specified in the decision, whichever is later. The request shall be made in writing to
13 the Commission, copied to the Bureau, and shall state the reasons for the request,
14 which must be based upon either newly discovered evidence or legal authorities that
15 could not reasonably have been presented before the Commission's issuance of the
16 decision or at the hearing on the matter, or upon other good cause which the
17 Commission may decide, in its sole discretion, merits reconsideration.

18 Business and Professions Code section 19870, subdivision (e) provides:

19 A decision of the commission denying a license or approval, or imposing any
20 condition or restriction on the grant of a license or approval may be reviewed by
21 petition pursuant to Section 1085 of the Code of Civil Procedure. Section 1094.5 of
22 the Code of Civil Procedure shall not apply to any judicial proceeding described in
23 the foregoing sentence, and the court may grant the petition only if the court finds
24 that the action of the commission was arbitrary and capricious, or that the action
25 exceeded the commission's jurisdiction.

26 CCR section 12066, subsection (c) provides:

27 A decision of the Commission denying an application or imposing conditions on license
28 shall be subject to judicial review as provided in Business and Professions Code section
19870, subdivision (e). Neither the right to petition for judicial review nor the time for
filing the petition shall be affected by failure to seek reconsideration.

ORDER

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2 1. Todd J. Mather's Application for a State Gambling License as the sole proprietor of
3 Oasis Card Room is DENIED.

4 2. Todd J. Mather must sell his ownership interest in the gambling enterprise doing
5 business as Oasis Card Room. Any such sale must be submitted to the Bureau for review and
6 must be approved by the Commission. Any such sale shall be closed within 12 months of the
7 effective date of this order.

8 3. Todd J. Mather, either individually or as part of any business organization, may not
9 receive any compensation, revenue or profits from any gambling enterprise or gambling
10 establishment other than from the sale of Oasis Card Room.

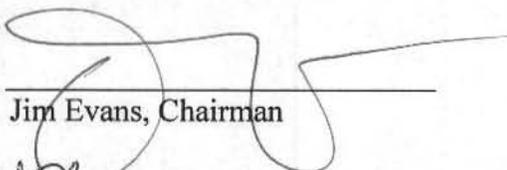
11 4. Todd J. Mather, either individually or as part of any business organization, may not
12 rent or lease property to any gambling enterprise or gambling establishment.

13 5. No costs are to be awarded.

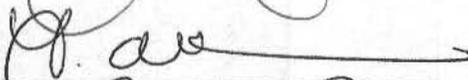
14 6. Each side to pay its own attorneys' fees.

15 This Order is effective on Oct 20, 2016.

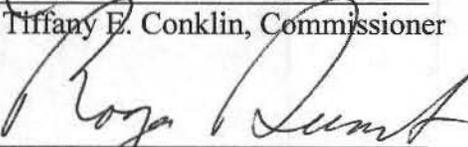
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17 Dated: 10 | ^(del)20 | 16

17 Signature: 
18 Jim Evans, Chairman

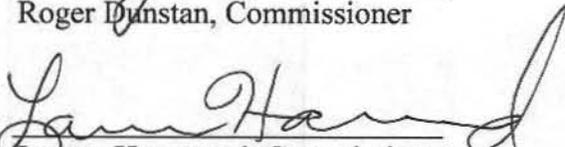
19 Dated: Oct. 20, 2016

19 Signature: 
20 Tiffany E. Conklin, Commissioner

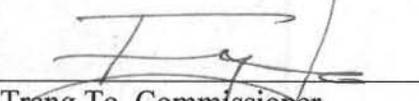
21 Dated: 10/20/2016

21 Signature: 
22 Roger Dunstan, Commissioner

23 Dated: 10/20/2016

23 Signature: 
24 Lauren Hammond, Commissioner

25 Dated: 10/20/16

25 Signature: 
26 Trang To, Commissioner
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