1 BEFORE THE 2 CALIFORNIA GAMBLING CONTROL COMMISSION 3 In the Matter of the Application for Approval CGCC Case No. CGCC-2023-0112-6Cii 4 of Employee Category License: Third-Party Proposition Player Service Worker License BGC Case No. BGC-HQ2023-00002AL 5 Regarding: 6 **DECISION AND ORDER** FRANCISCO JAVIER PAREDEZ, SR. 7 8 Respondent. Hearing Date: December 20, 2023 10:00 a.m. Time: 9 10 This matter was heard by the California Gambling Control Commission (Commission) 11 pursuant to Business and Professions Code sections 19870 and 19871, and title 4, California Code 12 of Regulations (CCR) section 12060, via Zoom video conference, on December 20, 2023. 13 Francisco Javier Paredez, Sr. (Paredez) appeared on his own behalf during the evidentiary 14 hearing. 15 Erica Becker, Deputy Attorney General, State of California (DAG Becker), represented 16 complainant Yolanda Morrow, Director of the Bureau of Gambling Control (Bureau), Department 17 of Justice, State of California. 18 During the evidentiary hearing, Presiding Officer Kate Patterson (PO Patterson), Attorney 19 III of the Commission, took official notice and admitted into the administrative record the 20 following documents: the Commission's Notice and Agenda of Commission Hearing; the 21 Commission's Conclusion of Prehearing Conference letter; the Commission's Notice of Hearing 22 and Prehearing Conference with attachments (A) Paredez's Application, and (B) the Bureau's 23 Background Investigation Report; the Bureau's Statement of Reasons; and Paredez's signed 24 Notice of Defense form. 25 During the evidentiary hearing, PO Patterson accepted into evidence Exhibits 1-13, Bates 26 Nos. Complainant 0001-0187, offered by the Bureau and identified on the Bureau's Evidentiary 27 Exhibit Index, pursuant to a stipulation between the parties. 28 PO Patterson closed the administrative record and the matter was submitted for decision 1

on December 20, 2023.

2

3

4

1

### FINDINGS OF FACT

## **Procedural History**

5 6  Paredez has been employed by third-party proposition player services provider Global Player Services, Inc. (Global), license number TPPP-000094, since approximately November 2021.

8

7

Player Services (TPPPS) Worker: Supplemental Information form (Supplemental) (collectively,

1011

121314

16

17

15

18192021

24

25

23

22

26

27

28

2. On or about November 12, 2021, the Bureau received an initial Application for Employee Category License together with a Commission Work Permit or Third-Party Proposition

Application) from Paredez to continue work as a third-party proposition player for Global.

- 3. On or about November 30, 2021, the Commission issued temporary third-party proposition player worker license number TPWK-002813 to Paredez for his employment as a third-party proposition player for Global. Paredez's temporary third-party proposition player worker license expired on November 30, 2023. Subsequently, Paredez was issued a new temporary third-party proposition player worker license (TPWK-007574) which expires on November 30, 2025.
- 4. On or about November 8, 2022, the Commission received a Third-Party
  Worker Initial Background Investigation Report, Level III, (Background Report) on Paredez from
  the Bureau. In its Background Report, the Bureau alleges that Paredez has two outstanding
  warrants, four misdemeanor convictions, failed to disclose four misdemeanor convictions,
  provided misleading information regarding termination from prior employment, and failed to
  establish eligibility and qualification for licensure. Based on the foregoing, the Bureau
  recommends that the Commission deny Paredez's Application.
- 5. At its meeting on January 12, 2023, the Commission voted to refer the consideration of Paredez's Application to a Gambling Control Act (GCA) evidentiary hearing pursuant to CCR section 12060. On January 13, 2023, the Commission notified Paredez of its action to refer his Application to a GCA hearing and provided him with a Notice of Defense form.
  - 6. On or about February 4, 2023, Paredez submitted a completed Notice of Defense form

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

to the Commission and the Bureau requesting an evidentiary hearing.

- 7. On September 1, 2023, the Commission notified Paredez that an evidentiary hearing would be held via Zoom video conference before the Commission starting at 10:00 a.m. on December 20, 2023. Paredez was also notified that a prehearing conference would be held on
- 8. On October 23, 2023, the Bureau sent a Statement of Reasons to Paredez via email, and to the Commission. In the Statement of Reasons, the Bureau alleges two causes for denial of Paredez's Application: (1) Paredez failed to disclose required material information (misdemeanor convictions, active warrants, and derogatory employment history) on his Application; and (2) Paredez failed to establish he is a person of good character, honesty, and integrity because he failed to make full and true disclosures in his Application as required by the GCA, and supplied information that is untrue or misleading. The Bureau also alleges that Paredez engaged in illegal behavior, demonstrating a willingness to violate the law and a conscious disregard for the health, safety, and welfare of others. Also, the Bureau alleges that Paredez has failed to establish that his prior activities, criminal record, and habits do not pose a threat to the public interest of this state, or to the effective regulation and control of controlled gambling. Based on the foregoing, the Bureau requests that the Commission deny Paredez's Application and cancel his temporary thirdparty proposition player worker license.
- 9. On November 8, 2023, the noticed prehearing conference was held before PO Patterson. Paredez attended the prehearing conference on his own behalf. DAG Becker attended on behalf of the Bureau.
- 10. On November 8, 2023, PO Patterson sent a Conclusion of Prehearing Conference letter, via email, to Paredez and DAG Becker.
- 11. The Commission heard this matter via Zoom video conference on December 20, 2023. PO Patterson closed the administrative record on December 20, 2023.

# Paredez's Criminal History

12. It is undisputed that Paredez failed to disclose the following four misdemeanors on the Application:

1 a. On or about June 4, 2002, he was convicted of violating 2 Penal Code section 594, subdivision (b)(1), vandalism, a 3 misdemeanor. 4 b. On or about July 12, 2010, he was convicted of violating 5 Vehicle Code section 23103, reckless driving, a misdemeanor. 6 c. On or about December 6, 2010, he was convicted of 7 violating Vehicle Code section 14601.2, subdivision (a), driving on 8 a suspended license, a misdemeanor. 9 d. On or about June 20, 2017, he was convicted of violating 10 Penal Code section 243, subdivision (e)(1), battery against a 11 spouse or former partner, a misdemeanor. 12 13. As a result of these convictions, Paredez was sentenced, in sum, to complete twelve 13 years of probation, to serve 42 days in jail, to complete a work program, and to pay multiple 14 fines. His driver's license was also suspended. He is currently on probation for the 2017 15 conviction. However, on his Application, he asserted, under penalty of perjury, that he had never 16 been convicted of any crime. 17 Paredez's Application 18 14. Paredez's Application consists of two parts. The first part is three pages and contains 19 five sections, including applicant information. The instructions provide that "all responses must 20 be truthful and complete" and that any "misrepresentation or failure to disclose required 21 information or documentation may constitute cause for denial of the application." (Emphasis in 22 original). Paredez signed page one of the Application on or about November 8, 2021, and page 23 three of the Application on or about November 29, 2021. 24 15. The second part of the Application is the Supplemental, which is eight pages and 25 contains nine sections. The instructions on the Supplemental also provide that all "responses must 26 be truthful and complete" and that any "misrepresentation or failure to disclose required 27 information or documentation may constitute cause for denial of the application." (Emphasis in 28 original). The Supplemental requires that the applicant disclose, among other things, their

criminal conviction(s).

- 16. Section (4) of the Supplemental requires an applicant to disclose any and all criminal convictions other than "infractions, i.e. speeding or parking tickets," and any conviction sealed pursuant to a court order.
- 17. On the Supplemental, Paredez checked the box marked "No" to the question have "you **ever** been convicted or pled guilty or nolo contendere (no contest) to a misdemeanor or felony?" (Emphasis in original).
- 18. Section (9) of the Supplemental is a Declaration, signed by Paredez on or about November 29, 2021, in which Paredez declared under penalty of perjury that the information provided in the Supplemental was "true, accurate, and complete." However, the Supplemental contained information that was not true or accurate because Paredez was convicted of four misdemeanors.

#### Paredez's Communications with the Bureau

- 19. On or about April 27, 2022, in response to the Bureau's inquiry regarding Paredez's failure to disclose the four misdemeanor convictions that it discovered during his background investigation, Paredez sent a written note to the Bureau explaining that he "failed to disclose [his convictions] because I was under the impression that only felonies were to be provided." He also stated that his "probation has been completed."
- 20. On June 2, 2022, in response to the Bureau's second inquiry about his failure to disclose the four misdemeanor convictions, Paredez stated in writing that he "was under the impression that only felonies were to be disclosed. Also 3 of them are over 10 years old." On June 16, 2022, in connection with his failure to disclose the four misdemeanor convictions and other inquiries, Paredez stated in writing to the Bureau that: "I am being 100% honest with all your requests. I want to be totally transparent with you guys."

### Paredez's Testimony During the Evidentiary Hearing

21. At the outset, during the evidentiary hearing, Paredez's testimony remained consistent with his prior written statements to the Bureau. He reiterated that he did not disclose the four misdemeanor convictions because he was under the impression that he was required to disclose

only felony convictions and misdemeanor convictions that were less than 10 years old.

- 22. During the evidentiary hearing, Paredez also testified that he read and understood the instructions and other sections of the Application and was aware that his responses had to be true and complete. Paredez testified that he filled out the Application on his own. Paredez also testified that he understood the questions on the Application requesting his criminal history.
- 23. It was not until he was asked, during the later part of his testimony, why he failed to disclose the 2017 conviction, which was less than 10 years old, that he admitted that he did not purposely disclose any of the convictions because he felt disclosure would "hurt" his chances of obtaining the applied for license.
- 24. During the evidentiary hearing, Paredez testified that he was fully aware of his convictions at the time he was completing his Application. He also admitted that he failed to disclose the four misdemeanors on the Application because he did not think the licensure process would involve a check of his criminal history.
- 25. Paredez credibly testified that he: self-reported the 2002 vandalism conviction; did not know warrants against him were outstanding; completed 52 classes in connection with his 2017 conviction for battery; paid the required fines; and expects to be off probation in the near future because he finished his "exit exam" and anticipates finishing the required community service terms of his probation in the near future.
- 26. Paredez also testified that his convictions stemmed from his use of alcohol. He insists he is a different person now because he has not had a drink of alcohol since 2017. He admitted he likes his job and understands that it requires honesty. He goes to PTA meetings for his children. He has no derogatory working history in gambling. He likes his co-employees. He would like to continue working in the gambling industry.

### APPLICABLE STATUTORY AND REGULATORY PROVISIONS

- 27. 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. (Bus. & Prof. Code, § 476, subd. (a).)
  - 28. The Act is an exercise of the police power of the state for the protection of the health,

safety, and welfare of the people of the State of California, and shall be liberally construed to effectuate those purposes. (Bus. & Prof. Code, § 19971.)

- 29. Public trust that permissible gambling will not endanger public health, safety, or welfare requires that comprehensive measures be enacted to ensure that gambling is free from criminal and corruptive elements, that it is conducted honestly and competitively, and that it is conducted in suitable locations. (Bus. & Prof. Code, § 19801, subd. (g).)
- 30. 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. (Bus. & Prof. Code, § 19801, subd. (h).)
- 31. 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.
- 32. 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. (Bus. & Prof. Code, §
- 33. The Commission shall have all powers necessary and proper to enable it fully and effectually to carry out the policies and purposes of this chapter. (Bus. & Prof. Code, § 19824.)
- 34. 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,
- 35. The Commission has the power to take actions deemed to be reasonable to ensure that no ineligible, unqualified, disqualified, or unsuitable persons are associated with controlled gambling activities. (Bus. & Prof. Code, § 19824, subd. (d).)
- 36. The burden of proving his or her qualifications to receive any license from the Commission is on the applicant. (Bus. & Prof. Code, § 19856, subd. (a); CCR, § 12060, subd.

- 37. 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).)
- 38. In reviewing an application for any license, the commission shall consider whether issuance of the license is inimical to public health, safety, or welfare, and whether issuance of the license will undermine public trust that the gambling operations with respect to which the license would be issued are free from criminal and dishonest elements and would be conducted honestly. (Bus. & Prof. Code, § 19856, subd. (c).)
- 39. 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).)
- 40. 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).)
- 41. 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 that is in all other respects qualified to be licensed as provided in this chapter. (Bus. & Prof. Code, § 19857, subd. (c).)
- 42. 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).)
  - 43. An application will be denied if the Commission finds that the applicant has not

straightforward application of the material facts to two statutes: (1) Business and Professions Code sections 19859, subdivision (b) (failure to reveal facts material to qualification to the Bureau and the Commission); and (2) 19857, subdivision (a) (failure to satisfy the Commission that he is a person of good character, honesty, and integrity).

# Paredez is Disqualified Under the GCA — (Bus. & Prof. Code, § 19859, subd. (b))

- 50. All of the information requested on the application has been considered through the legislative and regulatory processes and determined necessary in order for the Commission to discharge its duties properly. An applicant is neither expected, nor permitted, to determine the importance of the information requested, and instead is required to provide true, accurate, and complete information. To address any issues in completing the application, and to ensure that the information disclosed on an application is "true, accurate, and complete," the burden is on the applicant to carefully and thoroughly read the application, and to seek assistance with filling out the application if necessary. The applicant is responsible for both the information they disclose, and for failing to disclose required information, on the application.
- 51. The existence of, and details regarding, an applicant's criminal history are facts material to the qualification for licensure of an applicant. For instance, they may affect the assessment of the applicant's general character, honesty, integrity, and/or ability to participate in controlled gambling. They may lead to a finding that the issuance of a license to such an applicant would be inimical to public health, safety, or welfare, or undermine public trust that the gambling operations with respect to which the license would be issued are free from criminal and dishonest elements, and would be conducted honestly.
- 52. Paredez was required to disclose on the Application that he was convicted of four misdemeanors, the approximate date of convictions, the arresting agencies, court locations, and a description of the factual circumstances that led to the convictions. As a result of having knowingly marked the box marked "No" to the question of whether he had been convicted of any crimes within the past ten years, Paredez supplied information that is untrue and/or misleading as to material facts pertaining to the qualification criteria of an applicant for licensure by the Commission. The Bureau only determined that Paredez had been convicted of four misdemeanors

through conducting its background investigation. The facts surrounding the lack of disclosure are particularly egregious because at the time he was filling out the Application, Paredez admitted that he knew he was required to disclose the four misdemeanor convictions on the Application. He did not make the required disclosure because it would "hurt" his chances of obtaining the applied for license. Due to his intentional failure to reveal this information on his Application, which was required by the GCA and the Commission's regulations, Paredez's Application is subject to denial pursuant to Business and Professions Code section 19859, subdivision (b), and his Application must be denied pursuant to CCR section 12040, subdivision (a)(2).

- 53. In addition to a lack of full and complete disclosure regarding his convictions on the Application, at the time Paredez made statements to the Bureau that he did not disclose the four misdemeanor convictions because they were not felonies and were not less than 10 years old, he knew that he supplied information to the Bureau that is untrue regarding a material fact pertaining to the qualification criteria for licensure, because the real reason for not revealing the four convictions, as he admitted during the evidentiary hearing, was due to his surmise that it would "hurt" his chances of obtaining the applied for license. Therefore, Paredez is disqualified from licensure pursuant to Business and Professions Code section 19859, subdivision (b), and his Application must be denied pursuant to CCR section 12040, subdivision (a)(2).
- 54. Additionally, at the outset of the evidentiary hearing, when Paredez stated to the Commission that he did not disclose the four misdemeanor convictions because they were not felonies and were not less than 10 years old, Paredez knew that he supplied information to the Commission that is untrue regarding a material fact pertaining to the qualification criteria for licensure. As mentioned already, the actual reason for not revealing the four convictions, as he later admitted, was due to his surmise that it would "hurt" his chances of obtaining the applied for license. Therefore, Paredez is disqualified from licensure pursuant to Business and Professions Code section 19859, subdivision (b), and his Application must be denied pursuant to CCR section 12040, subdivision (a)(2).
- Paredez is Unqualified Under the GCA (Bus. & Prof. Code, § 19857, subd. (a))
  - 55. An applicant demonstrates good character, honesty, and integrity by providing

truthful, accurate, and complete responses on their application and supplemental, in response to Bureau inquiries during the Bureau's background investigation, and while testifying during the evidentiary hearing.

- 56. Conversely, an applicant demonstrates a lack of good character, honesty, and integrity by omitting pertinent information, and providing untrue, misleading, and/or contradictory information on their application and supplemental, in response to Bureau inquiries, and while testifying during the evidentiary hearing.
- 57. Paredez demonstrated a lack of good character, honesty, and integrity by not disclosing the four misdemeanor convictions on his Application because he thought full disclosure would "hurt" his chances of obtaining the applied for license, and he did not think a criminal background check would be conducted by the Bureau.
- 58. Additionally, Paredez demonstrated a lack of good character, honesty, and integrity by repeatedly insisting during the Bureau's background investigation that he failed to disclose his four misdemeanor convictions because he thought only felonies and misdemeanor convictions less than 10 years old were required to be disclosed, when the real reason was because he thought full disclosure would "hurt" his chances of obtaining the applied for license.
- 59. Paredez also demonstrated a lack of good character, honesty, and integrity when he falsely stated in writing to the Bureau that: "I am being 100% honest with all your requests. I want to be totally transparent with you guys." This was a false statement because Paredez admitted during the evidentiary hearing that he failed to disclose the four misdemeanors because he did not think the licensure process would involve a check of his criminal history, and he believed full disclosure would "hurt" his chances of obtaining the applied for license.
- 60. Paredez also demonstrated a lack of good character, honesty, and integrity when he testified before the Commission during the outset of the evidentiary hearing that he was honest when filling out the Application and during his communications with the Bureau, because he thought any statements inconsistent with his prior responses would negatively impact his chances of obtaining the applied for license.
  - 61. Paredez failed to meet his burden of proving that he is a person of good character,

1	honesty, and integrity because he: (1) failed to provide honest responses about his criminal
2	convictions on his Application; (2) made false statements to the Bureau during the investigation
3	of his Application regarding his failure to disclose his four misdemeanor convictions on the
4	Application; and (3) made false statements to the Commission at the outset of the evidentiary
5	hearing regarding his failure to disclose his four misdemeanor convictions on the Application.
6	Therefore, his Application is subject to denial pursuant to Business and Professions Code section
7	19857, subdivision (a), and CCR section 12040, subdivision (a)(1).
8	62. All documentary and testimonial evidence submitted by the parties that is not
9	specifically addressed in this Decision and Order was considered but not used by the Commission
10	in making its determination on Paredez's Application.
11	NOTICE OF APPLICANT'S APPEAL RIGHTS
12	Paredez has the following appeal rights available under state law:
13	CCR section 12064, subsections (a) and (b) provide, in part:
14	(a) After the Commission issues a decision following a GCA hearing conducted
15	pursuant to Section 12060, an applicant denied a license, permit, registration, or finding of suitability, or whose license, permit, registration, or finding of
16	suitability has had conditions, restrictions, or limitations imposed upon it, may
17	request reconsideration by the Commission. A request for reconsideration must be:  (1) Made in writing to the Commission, copied to the Complainant. The
18	Bureau may provide a written response to the Commission within 10 calendar days of receipt of the request; and
19	(2) Received by the Commission and Complainant within 30 calendar days of
20	service of the decision, or before the effective date specified in the decision, whichever is earlier.
21	(b) A request for reconsideration must state the reasons for the request, which
22	must be based upon either:  (1) Newly discovered evidence or legal authorities that could not reasonably
23	have been presented before the Commission's issuance of the decision or at the
24	hearing on the matter; or,  (2) Other good cause which the Commission may decide, in its sole discretion,
25	merits reconsideration.
26	Business and Professions Code section 19870, subdivision (f) provides:
27	A decision of the commission after an evidentiary hearing, denying a license or
28	approval, or imposing 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 Procedure. Section 1094.5 of the Code of Civil Procedure shall not apply to any judicial proceeding held to consider that petition, 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 action exceeded the commission's jurisdiction. CCR section 12066, subsection (c) provides, in part: A decision of the Commission denying an application or imposing conditions or restrictions on a license after an evidentiary hearing will be subject to judicial review as provided in Business and Professions Code section 19870, subdivision (f). Neither the right to petition for judicial review nor the time for filing the petition will be affected by failure to seek reconsideration. /// /// /// 

1 **ORDER** 2 1. Francisco Javier Paredez, Sr.'s Application for Employee Category License: Third-3 Party Proposition Player Service Worker License is DENIED. 4 2. Francisco Javier Paredez, Sr.'s temporary third-party proposition player worker 5 license number TPWK-007574 is cancelled, deemed void, and cannot be used hereafter. (Cal. 6 Code Regs., tit. 4, § 12122, subd. (d).) 7 3. No costs are awarded. 8 4. Each side to pay its own attorneys' fees. 9 This Order is effective on February 12, 2024. 10 11 1/11/2024 Dated: Signature: Paula LaBrie, Chair 12 DocuSigned by: 13 1/11/2024 Signature: Dated: 14 Cathleen Galgiani, Commissioner DocuSigned by: 15 Eric Heins 1/11/2024 Dated: Signature: 16 Eric Heins, Commissioner 17 DocuSigned by: 1/11/2024 William Liu 18 Dated: Signature: William Liu, Commissioner 19 DocuSigned by: 20 1/11/2024 Dated: Signature: Edward Yee, Commissioner 21 22 23 24 25 26 27 28 15