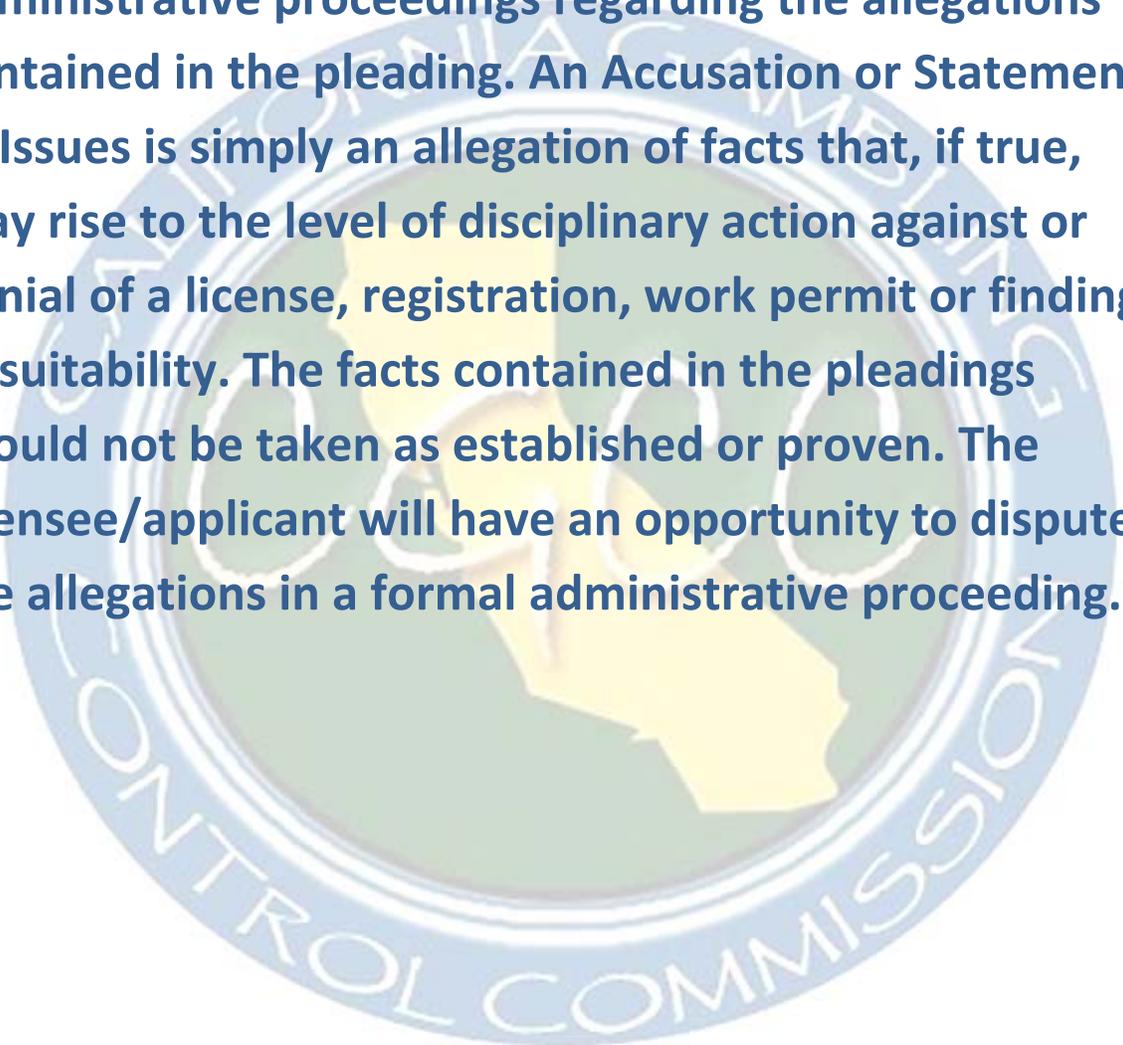


The Commission is providing a copy of this disciplinary pleading (Accusation, or Statement of Reasons, Statement of Particulars, or Statement of Issues) so the public is as informed as possible of pending administrative proceedings regarding the allegations contained in the pleading. An Accusation or Statement of Issues is simply an allegation of facts that, if true, may rise to the level of disciplinary action against or denial of a license, registration, work permit or finding of suitability. The facts contained in the pleadings should not be taken as established or proven. The licensee/applicant will have an opportunity to dispute the allegations in a formal administrative proceeding.



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9 BEFORE THE
10 CALIFORNIA GAMBLING CONTROL COMMISSION
11 STATE OF CALIFORNIA
12

13
14 In the Matter of the Statement of Issues
Against:

BGC No. BGC-HQ2015-00022SL

15 CGCC No. _____

16 EDWARD GLEN MASON

17 OAH No. _____

18 [REDACTED]

19 Key Employee License No. GEKE-001212

STATEMENT OF ISSUES

20 Respondent.
21

22
23 PARTIES

24 1. Wayne J. Quint, Jr., brings this Statement of Issues solely in his official capacity as
25 the Chief of the California Department of Justice, Bureau of Gambling Control (Bureau).

26 2. On or about February 21, 2008, the California Gambling Control Commission
27 (Commission) issued an initial gambling establishment key employee license, number GEKE-

1 001212, to Edward Glen Mason (Respondent). Respondent has continuously held a key
2 employee license since then.

3 3. On or about May 30, 2012, Respondent filed a notification of change of employment
4 status, terminating his employment by Club One Casino on May 25, 2012, and starting
5 employment at the Clovis 500 Club on June 1, 2012.

6 4. On or about February 4, 2015, Respondent filed a license renewal application. On
7 September 15, 2015, the Bureau recommended denial of renewal. On November 19, 2015, the
8 Commission did not deny Respondent's application for a key employee license, nor did it renew
9 Respondent's key employee license. Rather, it referred the determination of Respondent's
10 suitability for continued licensure to a hearing to be held before an administrative law judge of
11 the Office of Administrative Hearings, sitting on behalf of the Commission, pursuant to
12 California Code of Regulations, title 4, section 12058.¹

13 5. Respondent's key employee license expired on November 30, 2015. However, on
14 November 19, 2015, the Commission issued Respondent an interim renewal license which is
15 valid pending the outcome of this matter, or until November 30, 2017, whichever is earlier. (Cal.
16 Code Regs., tit. 4, § 12035, subd. (b)(2).)

17 STATEMENT OF THE CASE

18 6. On or about November 11, 2011, Respondent entered into a joint venture agreement
19 facilitated by and through the agency of John Cardot under which Respondent and others,
20 including Cardot, would lend a total of approximately \$1,500,000 to licensee Louis Sarantos,
21 owner of the Clovis 500 Club Casino, for the purpose of financing the relocation of the Clovis
22 500 Club Casino, including tenant improvements associated therewith. In consideration of this
23 aggregate loan, the participants in the joint venture, including Respondent, were to receive both
24 interest payments and options to purchase certain percentage interests in the Clovis 500 Club
25 Casino after the improvements had been completed, the relocated club was operating, and a
26 corporation had been formed to facilitate the transfer of the percentage interests to the joint

27 ¹ The statutes and regulations applicable to this Statement of Issues are quoted in
28 pertinent part in Appendix A.

1 venture participants. By acting in the manner herein alleged, Respondent acquired a financial
2 interest in the Clovis 500 Club Casino.

3 **FIRST CAUSE FOR DENIAL**

4 **(Failure to Disclose Financial Interest)**

5 7. By acting in the manner alleged in paragraph 6, above, Respondent acquired a
6 financial interest in the Clovis 500 Club. At no time subsequent to November 11, 2011, including
7 at the time(s) of Respondent's periodic license renewal applications, did Respondent disclose his
8 financial interest in the Clovis 500 Club to the Bureau or the Commission. By acting in the
9 manner herein alleged, Respondent conspired with the other participants in the joint venture,
10 including Louis Sarantos, to conceal from the Bureau and Commission the sources of financing
11 for the relocation of the Clovis 500 Club Casino, and thus precluded the Bureau's investigation of
12 the funding sources and the Commission's discretionary licensing thereof pursuant to the Act.

13 8. Because Respondent acted in the manner herein alleged, Respondent's key employee
14 license application is subject to denial pursuant to Business and Professions Code sections 19854,
15 19857, subdivisions (a) and (b), 19859, subdivision (b), 19866, and California Code of
16 Regulations, title 11, section 2052, subdivision (c).

17 **SECOND CAUSE FOR DENIAL**

18 **(Failure to Report Violations of Gambling Control Act)**

19 9. On or about November 11, 2011, and thereafter, Respondent failed to report to the
20 Bureau and Commission the actions of others taken in furtherance of the joint venture described
21 in paragraph 6, above, including, but not limited to the actions of licensees Louis Sarantos, Jr.,
22 Leon Bernardi, Joseph Capps, John Strecker, and Dusten Perry, despite having knowledge
23 thereof. Nor did Respondent disclose to the Bureau or Commission the participation of other
24 licensees in the joint venture and their respective acquisitions of financial interests in the Clovis
25 500 Club Casino, despite Respondent's knowledge thereof.

26 10. Because Respondent acted in the manner herein alleged, Respondent's key employee
27 license application is subject to denial pursuant to Business and Professions Code sections 19854,
28

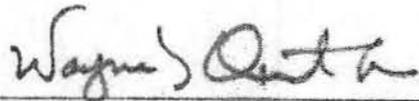
1 19857, subdivisions (a) and (b), 19859, subdivision (b), and California Code of Regulations, title
2 11, section 2052, subdivision (c).

3 PRAYER

4 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
5 and that following the hearing, the Commission issue a decision to:

- 6 1. Deny the renewal of key employee license No. GEKE-001212, issued to Edward
7 Mason;
- 8 2. Order the Respondent to pay the department the reasonable costs of investigation and
9 prosecution of the case pursuant to Business and Professions Code section 19930; and
- 10 3. Take such other and further action as the Commission may deem appropriate.

11
12
13 Dated: September 9, 2016



14 WAYNE J. QUINT, JR., Chief
15 Bureau of Gambling Control
16 California Department of Justice
17 Complainant
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1 **APPENDIX A**

2 **Jurisdiction**

- 3 1. Business and Professions Code section 19811, subdivision (b), provides:

4 Jurisdiction, including jurisdiction over operation and
5 concentration, and supervision over gambling establishments in this
6 state and over all persons or things having to do with the operation of
7 gambling establishments is vested in the commission.

- 8 2. Business and Professions Code section 19823 provides:

9 (a) The responsibilities of the commission include, without
10 limitation, all of the following:

11 (1) Assuring that licenses, approvals, and permits are
12 not issued to, or held by, unqualified or disqualified persons,
13 or by persons whose operations are conducted in a manner
14 that is inimical to the public health, safety, or welfare.

15 (2) Assuring that there is no material involvement,
16 directly or indirectly, with a licensed gambling operation, or
17 the ownership or management thereof, by unqualified or
18 disqualified persons, or by persons whose operations are
19 conducted in a manner that is inimical to the public health,
20 safety, or welfare.

21 (b) For the purposes of this section, "unqualified person" means
22 a person who is found to be unqualified pursuant to the criteria set forth
23 in Section 19857, and "disqualified person" means a person who is found
24 to be disqualified pursuant to the criteria set forth in Section 19859.

- 25 3. Business and Professions Code section 19824 provides in part:

26 The commission shall have all powers necessary and proper to
27 enable it fully and effectually to carry out the policies and purposes of
28 this chapter, including, without limitation, the power to do all of the
following:

(b) For any cause deemed reasonable by the commission, deny
any application for a license, permit, or approval provided for in this
chapter or regulations adopted pursuant to this chapter, limit, condition,
or restrict any license, permit, or approval, or impose any fine upon any
person licensed or approved. The commission may condition, restrict,
discipline, or take action against the license of an individual owner
endorsed on the license certificate of the gambling enterprise whether or
not the commission takes action against the license of the gambling
enterprise.

1 (d) Take actions deemed to be reasonable to ensure that no
2 ineligible, unqualified, disqualified, or unsuitable persons are associated
with controlled gambling activities.

3 4. Business and Professions Code section 19854, subdivision (a), provides:

4 Every key employee shall apply for and obtain a key employee
5 license.

6 5. California Code of Regulations, title 4, section 12035, provides, in part:

7 (b) (2) An interim renewal license shall be valid for a period of
8 two years from the date the previous license expires, or until a
9 decision is final under Section 12066, whichever is earlier, and is not
10 subject to renewal. The Commission may issue additional interim
renewal licenses if the hearing process has not been, or will not be,
included by the expiration date of the current interim renewal license.

11 6. California Code of Regulations, title 4, section 12058, provides, in part:

12 (a) When the Commission elects to hold an APA hearing the
13 Commission shall determine whether the APA hearing will be held
14 before an Administrative Law Judge sitting on behalf of the
15 Commission or before the Commission itself with an Administrative
16 Law Judge presiding in accordance with Government Code section
11512. Notice of the APA hearing shall be provided to the applicant
pursuant to Government Code section 11500 et seq.

17 (b) The burden of proof is on the applicant to prove his, her, or
18 its qualifications to receive any license or other approval under the
Act.

19 (c) A Statement of Issues shall be prepared and filed in
20 according to Government Code section 11504 by the complainant.

21 7. California Code of Regulations, title 4, section 12335, provides, in part:

22 (a) Except as otherwise provided in subsection (c) of Section
23 12003 of these regulations, the definitions in Business and Professions
24 Code section 19805 shall govern the construction of this chapter.
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Costs

8. Business and Professions Code section 19930, subdivision (d), provides, in part:

(d) In any case in which the administrative law judge recommends that the commission revoke, suspend, or deny a license, the administrative law judge may, upon presentation of suitable proof, order the licensee or applicant for a license to pay the department the reasonable costs of the investigation and prosecution of the case.

(1) The costs assessed pursuant to this subdivision shall be fixed by the administrative law judge and may not be increased by the commission. When the commission does not adopt a proposed decision and remands the case to the administrative law judge, the administrative law judge may not increase the amount of any costs assessed in the proposed decision.

(2) The department may enforce the order for payment in the superior court in the county in which the administrative hearing was held. The right of enforcement shall be in addition to any other rights that the department may have as to any licensee directed to pay costs.

(3) In any judicial action for the recovery of costs, proof of the commission's decision shall be conclusive proof of the validity of the order of payment and the terms of payment.

* * *

(f) For purposes of this section, "costs" include costs incurred for any of the following:

(1) The investigation of the case by the department.

(2) The preparation and prosecution of the case by the Office of the Attorney General.

Specific Statutory and Regulatory Provisions

9. Business and Professions Code section 19856, subdivision (a) provides in part:

The burden of proving his or her qualifications to receive any license is on the applicant.

1 10. California Code of Regulations, title 4, section 12058, subdivision (b) provides:

2 The burden of proof is on the applicant to prove, his, her, or its
3 qualifications to receive any license or other approval under the Act.

4 11. Business and Professions Code section 19854, subdivision (b) provides:

5 No person may be issued a key employee license unless the
6 person would qualify for a state gambling license.

7 12. Business and Professions Code section 19857 provides in part:

8 No gambling license shall be issued unless, based on all the
9 information and documents submitted, the commission is satisfied that
the applicant is all of the following:

10 (a) A person of good character, honesty and integrity.

11 (b) A person whose prior activities, criminal record, if any,
12 reputation, habits, and associations do not pose a threat to the public
13 interest of this state, or to the effective regulation and control of
14 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.

15 13. Business and Professions Code section 19859 provides in part:

16 The commission shall deny a license to any applicant who is
17 disqualified for any of the following reasons:

18 * * *

19 (b) Failure of the applicant to provide information,
20 documentation, and assurances required by this chapter or requested by
the chief, or failure of the applicant to reveal any fact material to
21 qualification, or the supplying of information that is untrue or misleading
as to a material fact pertaining to the qualification criteria.

22 14. Business and Professions Code section 19866 provides:

23 An applicant for licensing or for any approval or consent required
24 by this chapter, shall make full and true disclosure of all information to
the department and commission as necessary to carry out the policies of
25 this state relating to licensing, registration, and control of gambling.

26 15. Business and Professions Code section 19971 provides:

27 This act [Gambling Control Act] is an exercise of the police power
28 of the state for the protection of the health, safety, and welfare of the

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people of the State of California, and shall be liberally construed to effectuate those purposes.

16. California Code of Regulations, title 11, section 2052 provides, in part:

(c) Within five days of any owner licensee or key employee obtaining knowledge or notice of any possible violation of the Act or these regulations, a written report shall be submitted to the Bureau, which details the nature of the violation, the identities of those persons involved in the violation, and describes what actions have been taken to address the violation.