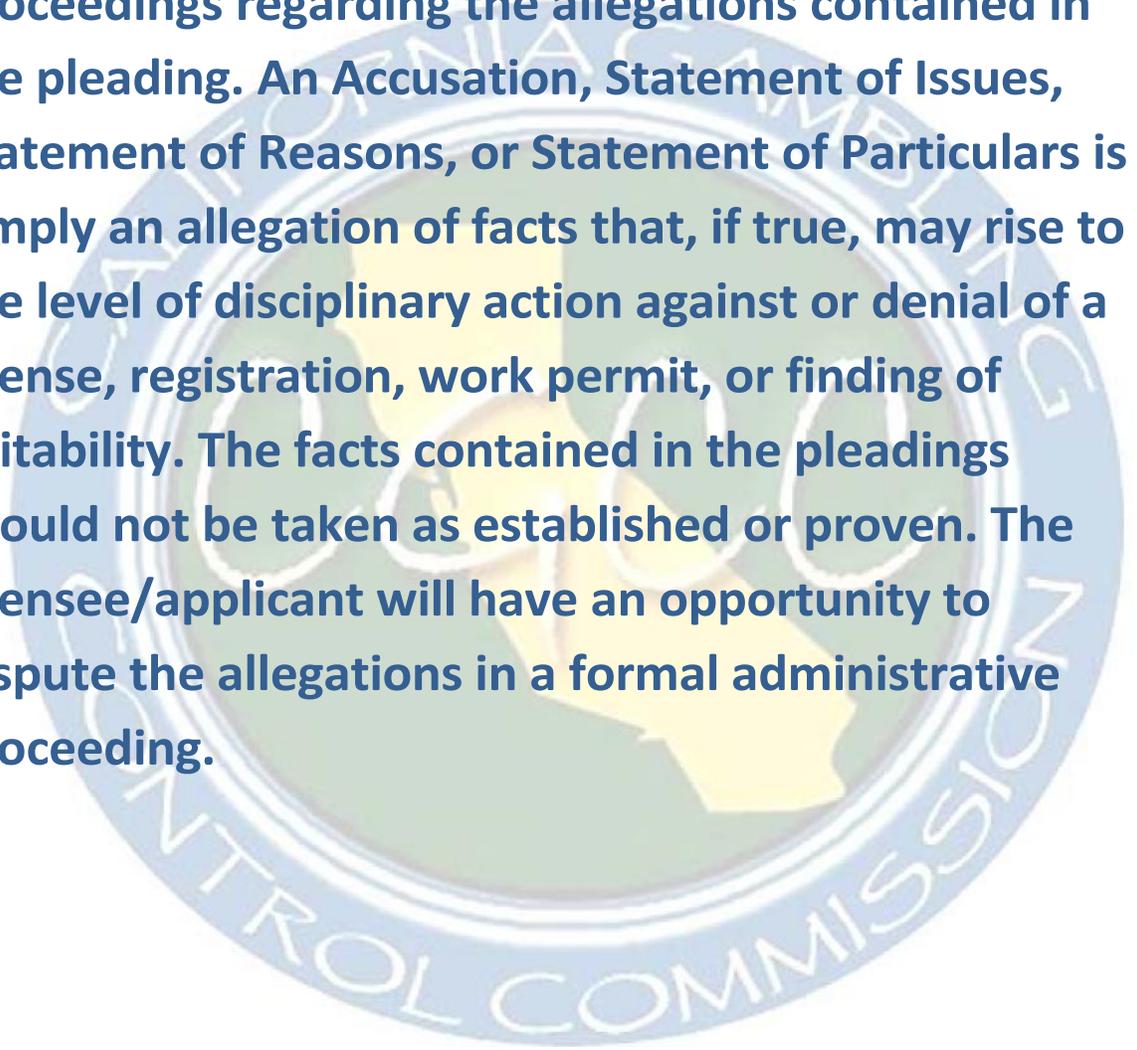


The Commission is providing a copy of this pleading (Accusation, or Statement of Reasons, Statement of Particulars, or Statement of Issues) so the public is as informed as possible of pending administrative proceedings regarding the allegations contained in the pleading. An Accusation, Statement of Issues, Statement of Reasons, or Statement of Particulars 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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BEFORE THE
CALIFORNIA GAMBLING CONTROL COMMISSION
STATE OF CALIFORNIA

In the Matter of the Accusation Against:
FULL RACK ENTERTAINMENT INC.
(GEOW-003303), doing business as Towers
Casino (GEGE-001318),
JOHN ROBINSON (GEOW-003305),
shareholder and officer,
JAMEY ROBINSON (GEOW-003304),
shareholder and officer,
115 Bank Street, Grass Valley, CA 95945
Respondents.

BGC Case No. HQ2020-00002AC
OAH No.
ACCUSATION

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Complainant alleges as follows:

PARTIES

1. Stephanie Shimazu (Complainant) brings this Accusation solely in her official capacity as the Director of the California Department of Justice, Bureau of Gambling Control (Bureau).

2. Respondent Full Rack Entertainment, Inc. (Corporation), State Gambling License Number GEOW-003303, does business as Towers Casino (Casino). The Casino is an eight-table card room presently operating at 115 Bank Street, Grass Valley, California.

3. The Corporation's shareholders are Jamey Robinson and John Robinson, State Gambling License Numbers GEOW-003304 and GEOW-003305, respectively. They each hold a 50-percent interest in the Corporation and are endorsed on the Casino's State Gambling License, Number GEOW-001318, as the Corporation's shareholders.

4. The Corporation, Jamey Robinson, and John Robinson are referred to collectively as "Respondents" in this Accusation.

5. The California Gambling Control Commission (Commission) issued the above-described licenses to Respondents pursuant to the Gambling Control Act (Act) (Bus. & Prof. Code, § 19800 et seq.).

JURISDICTION, STANDARD OF PROOF, AND COST RECOVERY

6. The Commission has jurisdiction over the operation and concentration of gambling establishments and all persons and things having to do with operation of gambling establishments. (Bus. & Prof. Code, § 19811, subd. (b).)¹ The Commission has all powers necessary and proper to fully and effectually carry out the policies and procedures of the Act. (Bus. & Prof. Code, § 19824.) The Commission's responsibilities include assuring that no unqualified person, or any person whose operations are conducted in a manner that is inimical to the public health, safety, and welfare, has any direct or indirect material involvement with a licensed gambling operation. (Bus. & Prof. Code, § 19823, subd. (a)(2).)

¹ The statutes and regulations applicable to this Accusation are quoted in pertinent part in Appendix A.

1 7. The Act tasks the Bureau with, among other responsibilities, monitoring the
2 conduct of licensees, investigating suspected violations of the Act, and initiating disciplinary
3 actions. (Bus. & Prof. Code, §§ 19826, subds. (b), (c), (e), 19930, subd. (b).) Upon the Bureau
4 filing an accusation, the Commission proceeds under Government Code section 11500 et seq.
5 (Bus. & Prof Code, § 19930, subd. (b); see Cal. Code Regs., tit. 4, § 12554, subd. (a).) The
6 Commission's disciplinary powers include, among other things, license revocation, license
7 suspension, imposing a condition on a license, and requiring payment of a fine or monetary
8 penalty. (Bus. & Prof. Code, § 19930, subd. (c); Cal. Code Regs., tit. 4, § 12554, subd. (d).)

9 8. In an accusation brought under the Act, the standard of proof is the
10 preponderance of the evidence. (Cal. Code Regs., tit. 4, § 12554, subd. (c).)

11 9. In a matter involving discipline of a license, the Bureau may recover its costs of
12 investigation and prosecuting the proceeding. (Bus. & Prof. Code, § 19930, subd. (d).)

13 **THE DUTY TO OPERATE IN A SUITABLE MANNER TO PROTECT PUBLIC**
14 **HEALTH, SAFETY, AND GENERAL WELFARE**

15 10. The Act is an exercise of the police power of the state intended to protect the
16 public's health, safety and welfare. The Act is to be liberally interpreted to effectuate that
17 purpose. (Bus. & Prof. Code, § 19971.) The Act requires comprehensive regulation to
18 maintain the public trust that permissible gambling will not endanger the public health, safety,
19 and welfare. (Bus. & Prof. Code, § 19801, subd. (g).)

20 11. The Act requires that all gambling establishments be operated in a manner
21 suitable to protect the public health, safety, and general welfare. The responsibility for
22 employing and maintaining suitable methods of operation rests with the owners. (Bus. & Prof.
23 Code, § 19920.) The failure to meet this responsibility constitutes grounds for license
24 revocation. (*Ibid.*) No owner licensee shall operate a card room in violation of the Act. (Bus.
25 & Prof. Code, § 19922.)

26 **COVID-19 EMERGENCY AND THE GOVERNOR'S ORDERS**

27 12. The United States is in the midst of an unprecedented public health crisis with
28 the worldwide COVID-19 Pandemic (Pandemic) caused by the SARS-CoV-2 virus (Virus).

1 Like the rest of the country, the state is in the grip of this Pandemic. In California, the Virus
2 has infected more 86,000 people and killed more than 3,500.²

3 13. On March 4, 2020, the Governor proclaimed a State of Emergency to exist as
4 result of the threat of the spread of COVID-19. On March 20, 2020, the Governor issued
5 Executive Order N-33-20, which incorporated the directives of the Public Health Officer issued
6 under the California Health and Safety Code, and ordered “all individuals living in the State to
7 stay home or at their place of residence except as needed to maintain continuity of operations of
8 the federal critical infrastructure sectors”³ These actions by the Governor reduced large
9 sectors of economic activity in the state to prevent the spread of the Virus and the resultant
10 serious sickness and death from COVID-19.

11 14. On May 4, 2020, the Public Health Officer issued the Pandemic Roadmap
12 (Roadmap), which set forth a four-stage framework for reopening California’s economy while
13 considering the continuing danger that the spread of COVID-19 posed to the public as follows:
14 “safety and preparation (Stage 1), reopening of lower-risk workplaces and other spaces (Stage
15 2), reopening of higher-risk workplaces and other spaces (Stage 3), and finally an easing of
16 final restrictions leading to the end of the stay at home order (Stage 4).”⁴ The Roadmap’s goal
17 is to open the state in a way that minimizes the risk of increasing the number of COVID-19
18 cases. The Roadmap is incorporated into the Governor’s May 4, 2020 Executive Order N-60-
19 20.⁵

20 15. Entertainment venues, including gaming, gambling and arcade venues, such as
21 the Casino, are higher risk workplaces to be permitted to open only in the Roadmap’s Stage 3.
22 No county in the state has been authorized to advance to Stage 3.

23 ² These figures were obtained from the State of California’s COVID-19 website at
24 <https://covid19.ca.gov/>. They are current as of May 21, 2020.

25 ³ Executive Order N-33-20 is available at <https://covid19.ca.gov/img/Executive-Order-N-33-20.pdf>.

26 ⁴ For background, see the State of California’s COVID-19 site on county variances for
27 reopening at <https://covid19.ca.gov/roadmap-counties/>.

28 ⁵ Executive Order N-60-20 is available at <https://www.gov.ca.gov/wp-content/uploads/2020/05/5.4.20-EO-N-60-20.pdf>.

PRAYER

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

1. Disciplining State Gambling License Number GEOW-003303, issued to respondent Full Rack Entertainment, Inc., including suspension or revocation as appropriate;
2. Disciplining State Gambling License Number GEOW-003304, issued to respondent Jamey Robinson, including suspension or revocation as appropriate;
3. Disciplining State Gambling License Number GEOW-003305, issued to Respondent John Robinson, including suspension or revocation as appropriate;
4. Imposing fines or monetary penalties against Respondents, jointly and severally, according to proof and to the maximum extent allowed by law;
5. Awarding Complainant the costs of investigation and costs of bringing this Accusation before the Commission, pursuant to Business and Professions Code section 19930, subdivisions (d) and (f), in a sum according to proof; and
6. Taking such other and further action as the Commission may deem appropriate.

Dated: May 21, 2020


Stephanie Shimazu, Director
Bureau of Gambling Control
California Department of Justice

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

4. Business and Professions Code section 19825 provides:

The commission may require that any matter that the commission is authorized or required to consider in a hearing or meeting of an adjudicative nature regarding the denial, suspension, or revocation of a license, permit, or a finding of suitability, be heard and determined in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

5. Business and Professions Code section 19826 provides, in part:

The department^[6] . . . shall have all of the following responsibilities:

* * *

(c) To investigate suspected violations of this chapter or laws of this state relating to gambling

* * *

(e) To initiate, where appropriate, disciplinary actions as provided in this chapter. In connection with any disciplinary action, the department may seek restriction, limitation, suspension, or revocation of any license or approval, or the imposition of any fine upon any person licensed or approved.

6. California Code of Regulations, title 4, section 12554 provides, in part:

(a) Upon the filing with the Commission of an accusation by the Bureau recommending revocation, suspension, or other discipline of a holder of a license, registration, permit, finding of suitability, or approval, the Commission shall proceed under Chapter 5 (commencing with section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

* * *

(d) Upon a finding of a violation of the Act, any regulations adopted pursuant thereto, any law related to gambling or gambling establishments, violation of a previously imposed disciplinary or license condition, or laws whose violation is materially related to suitability for a license, registration, permit, or approval, the Commission may do any one or more of the following:

⁶ "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd. (h).)

1 (1) Revoke the license, registration, permit, finding of
2 suitability, or approval;

3 (2) Suspend the license, registration, or permit;

4 * * *

5 (5) Impose any fine or monetary penalty consistent with
6 Business and Professions Code sections 19930, subdivision (c), and
7 19943, subdivision (b)

7 **Cost Recovery Provisions**

8 7. Business and Professions Code section 19930 provides, in part:

9 (b) If, after any investigation, the department is satisfied that a license,
10 permit, finding of suitability, or approval should be suspended or revoked, it
11 shall file an accusation with the commission in accordance with Chapter 5
12 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the
13 Government Code.

12 * * *

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

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

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

28 (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 for payment.

* * *

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

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(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

8. Business and Professions Code, section 19801 provides, in part:

(h) Public trust and confidence can only be maintained by strict comprehensive regulation of all persons, locations, practices, associations, and activities related to the operation of lawful gambling establishments and the manufacture and distribution of permissible gambling equipment.

(i) All gambling operations, all persons having a significant involvement in gambling operations, all establishments where gambling is conducted, and all manufacturers, sellers, and distributors of gambling equipment must be licensed and regulated to protect the public health, safety, and general welfare of the residents of this state as an exercise of the police powers of the state.

* * *

(k) In order to effectuate state policy as declared herein, it is necessary that gambling establishments, activities, and equipment be licensed, that persons participating in those activities be licensed or registered, that certain transactions, events, and processes involving gambling establishments and owners of gambling establishments be subject to prior approval or permission, that unsuitable persons not be permitted to associate with gambling activities or gambling establishments Any license or permit issued, or other approval granted pursuant to this chapter, is declared to be a revocable privilege, and no holder acquires any vested right therein or thereunder.

9. Business and Professions Code section 19855 provides, in part:

[E]very person who, by statute or regulation, is required to hold a state license shall obtain the license prior to engaging in the activity or occupying the position with respect to which the license is required.

10. Business and Professions Code section 19856 provides, in part:

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

(b) 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.

1 (c) In reviewing an application for any license, the commission
2 shall consider whether issuance of the license is inimical to public
3 health, safety, or welfare, and whether issuance of the license will
4 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.

5 11. Business and Professions Code section 19857 provides:

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

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

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

14 (c) A person that is in all other respects qualified to be licensed as
provided in this chapter.

15 12. Business and Professions Code section 19920 provides:

16 It is the policy of the State of California to require that all
17 establishments wherein controlled gambling is conducted in this state
18 be operated in a manner suitable to protect the public health, safety,
19 and general welfare of the residents of the state. The responsibility for
20 the employment and maintenance of suitable methods of operation
21 rests with the owner licensee, and willful or persistent use or toleration
of methods of operation deemed unsuitable by the commission or by
local government shall constitute grounds for license revocation or
other disciplinary action.

22 13. Business and Professions Code section 19922 provides:

23 No owner licensee shall operate a gambling enterprise in violation
24 of any provision of this chapter or any regulation adopted pursuant to
this chapter.

25 14. Business and Professions Code section 19924 provides:

26 Each owner licensee shall maintain security controls over the
27 gambling premises and all operations therein related to gambling, and
28 those security controls are subject to the approval of the commission.

1 15. California Code of Regulations, title 4, section 12568, subdivision (c), provides, in
2 part:

3 A state gambling license, finding of suitability, or approval granted
4 by the Commission . . . and an owner license for a gambling
5 establishment if the owner licensee has committed a separate violation
6 from any violations committed by the gambling establishment shall be
subject to revocation by the Commission on any of the following
grounds:

7 * * *

8 (3) If the Commission finds the holder no longer meets any
9 criterion for eligibility, qualification, suitability or continued
10 operation, including those set forth in Business and Professions
Code section 19857, 19858, or 19880, as applicable, or

11 (4) If the Commission finds the holder currently meets any of
12 the criteria for mandatory denial of an application set forth in
Business and Professions Code sections 19859 or 19860.

13
14 16. California Government Code section 8665, provides:

15 Any person who violates any of the provisions of this chapter or
16 who refuses or willfully neglects to obey any lawful order or regulation
17 promulgated or issued as provided in this chapter, shall be guilty of a
18 misdemeanor and, upon conviction thereof, shall be punishable by a
fine of not to exceed one thousand dollars (\$1,000) or by imprisonment
for not to exceed six months or by both such fine and imprisonment.

19 17. California Health and Safety Code section 120275, provides:

20 Any person who, after notice, violates, or who, upon the demand
21 of any health officer, refuses or neglects to conform to, any rule, order,
22 or regulation prescribed by the department respecting a quarantine or
disinfection of persons, animals, things, or places, is guilty of a
misdemeanor.

23
24 **Authority for Emergency Order**

25 18. Business and Professions Code section 19931 provides:

26 (a) The department may issue any emergency orders against an
27 owner licensee or any person involved in a transaction requiring prior
approval that the department deems reasonably necessary for the

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immediate preservation of the public peace, health, safety, or general welfare.

(b) The emergency order shall set forth the grounds upon which it is based, including a statement of facts constituting the alleged emergency necessitating the action.

(c) The emergency order is effective immediately upon issuance and service upon the owner licensee or any agent of the licensee registered with the department for receipt of service, or, in cases involving prior approval, upon issuance and service upon the person or entity involved, or upon an agent of that person or entity authorized to accept service of process in this state. The emergency order may suspend, limit, condition, or take other action in relation to the license of one or more persons in an operation without affecting other individual licensees, registrants, or the licensed gambling establishment. The emergency order remains effective until further order of the commission or final disposition of any proceeding conducted pursuant to subdivision (d).

(d) Within two calendar days after issuance of an emergency order, the department shall file an accusation with the commission against the person or entity involved. Thereafter, the person or entity against whom the emergency order has been issued and served is entitled to a hearing which, if so requested, shall commence within 10 business days of the date of the request if a gambling operation is closed by the order, and in all other cases, within 30 calendar days of the date of the request. On application of the department, and for good cause shown, a court may extend the time within which a hearing is required to be commenced, upon those terms and conditions that the court deems equitable.