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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

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;

- 1 (3) Referral to Evidentiary Hearing letter dated March 27, 2015, Bates Nos.
2 BGC 021-022;
- 3 (4) CGCC letter dated November 23, 2015 re Notice of Rescheduled Hearing
4 and Prehearing Conference, Bates Nos. BGC 023-025;
- 5 (5) Addendum to the Denial Background Investigation Report dated March 10,
6 2015, Bates Nos. BGC 026-039;
- 7 (6) Background Investigation Report dated February 13, 2015, Bates Nos.
8 BGC 040-075;
- 9 (7) State Gambling License Financial Review dated January 23, 2015, Bates
10 Nos. BGC 076-097;
- 11 (8) Application for State Gambling License dated January 15, 2013, Bates
12 Nos. BGC 098-101;
- 13 (9) Supplemental Background Investigation information dated December 31,
14 2012, Bates Nos. BGC 102-124;
- 15 (10) Commission Licensing Division Memorandum dated November 6, 2014,
16 Bates Nos. BGC 125-126;
- 17 (11) Temporary License Request dated September 24, 2013, Bates Nos. BGC
18 127-164;
- 19 (12) Email correspondence between licensing staff and Todd Mather regarding
20 financial background dated November 14, 2014, Bates Nos. BGC 165-168;
- 21 (13) Licensing contact sheet with Todd Mather regarding loan between Mather
22 Bros., Inc., and Tommy T's Sports Bar dated October 14, 2014, Bates No.
23 BGC 169;
- 24 (14) Email correspondence between licensing staff and Todd Mather regarding
25 down payment for Oasis dated March 26, 2014, Bates Nos. BGC 170-171;
- 26 (15) Email correspondence between licensing staff and Todd Mather with
27 attachments dated January 21, 2014, Bates Nos. BGC 172-179;
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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. On or about January 15, 2013, Mather, as owner and sole proprietor of Oasis,
15 submitted an Application for State Gambling License (Application) to the Commission.

16 2. On or about November 7, 2013, the Commission granted a Temporary State Gambling
17 License to Mather as the sole proprietor of Oasis.

18 3. At its March 26, 2015 meeting, the Commission voted to refer consideration of
19 Mather's Application to an evidentiary hearing.

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

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

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

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

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

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

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

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

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

17 13. On or about January 24, 2016, the Commission served a second Conclusion of
18 Prehearing Conference letter on Mather, Prominski and Torngren.

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

22 15. Mather is a one third owner of Mather Bros, Inc. (Mather Bros).

23 16. Mather has been the owner of Tommy T's Sports Bar, Inc. dba Tommy T's Sports Bar
24 (Tommy T's) since July 1, 2007.

25 17. Oasis is located in the same building as Tommy T's, and within the space
26 encompassing Tommy T's.

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

2 19. The Balance Sheet for Tommy T’s reflected a Mather Bros Loan in the amount of
3 \$183,041.57 as of December 31, 2012.

4 20. The Balance Sheet for Tommy T’s reflected a Mather Bros Loan in the amount of
5 \$160,103.69 as of December 31, 2013.

6 21. The “Mather Bros Loan” that was recorded on the Balance Sheets for Tommy T’s was
7 not recorded on the Mather Bros Balance Sheets for December 31, 2011, 2012 or 2013.

8 22. The “Mather Bros Loan” from Mather Bros to Tommy T’s was fictitious and never
9 existed.

10 23. Mather knew that there was no loan from Mather Bros to Tommy T’s in 2011, 2012
11 and 2013.

12 24. On or about March 20, 2013, Mather submitted a Balance Sheet and Profit and Loss
13 Statement for Tommy T’s to the Bureau. These documents referred to the existence of a loan
14 from Mather Bros to Tommy T’s.

15 25. On or about August 5, 2013, Dawn Ward (Ward), Administrator I with the Bureau,
16 sent an email to Mather asking “on the Tommy T’s Sports Bar, Inc. Balance Sheet, what is the
17 \$183,041 loan from Mather Bros for? And why did the loan increase between 2011 and 2012?”

18 26. On or about August 7, 2013, Mather sent an email to Ward in response to her August
19 5, 2013 email. Mather wrote “The Mather Bros Loan is for the initial start up of Tommy T’s for
20 improvements to open the place up. Tommy T’s borrowed an additional \$40k to purchase our
21 own Stage Lights, Sound System, Etc. for the in house concerts instead of renting the equipment
22 like in the past.”

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

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

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

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

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

15 32. The October 7, 2014 letter from Prominski was reviewed and approved by Mather
16 prior to being sent to the Bureau.

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

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

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

27 36. The transactions contained in the "Transactions by Account" ledger for the "Mather
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1 Bros Loan” were fictitious and never actually occurred.

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

7 38. On or about December 29, 2014, Mather sent a letter to the Bureau. In the letter,
8 Mather writes that the “Mather Bros Loan” on Tommy T’s Balance Sheet “never existed and was
9 never reported on Mather Bros Balance Sheet.”

10 39. During the hearing, Mather testified that he intended for the Bureau to rely on the
11 information he provided to the Bureau regarding the Mather Bros Loan to make a
12 recommendation with respect to his Application.

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

15 41. Having reliable and accurate financial information is material to the Bureau’s ability
16 to make proper recommendations on state gambling license applications and to the Commission’s
17 ability to make proper decisions regarding whether to grant or deny state gambling license
18 applications.

19 42. An applicant’s submission of financial information to the Bureau contains information
20 that is material to qualification criteria for a state gambling license.

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

- 23 a. By providing Balance Sheets to the Bureau for Tommy T’s as of December 31,
24 2011, 2012, and 2013 that reflect a Mather Bros Loan that Mather knew never
25 existed;
- 26 b. By providing, on or about March 20, 2013, a Profit and Loss Statement for
27 Tommy T’s to the Bureau that reflects a Mather Bros Loan that Mather knew
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1 never existed;

2 c. By sending an email to the Bureau, on or about August 7, 2013, describing the
3 purpose of the Mather Bros Loan, and the reason for its increase between 2011
4 and 2012, despite the fact that Mather knew the Mather Bros Loan never
5 existed;

6 d. By telling the Bureau, during a telephonic conversation on or about October
7 14, 2014, that the Mather Bros Loan had “gone away” and was fully paid off,
8 despite the fact that Mather knew the Mather Bros Loan never existed;

9 e. By providing, on or about December 9, 2014, a “Transactions by Account”
10 ledger for an item labeled “Mather Bros Loan,” which contained transactions
11 related to that loan from January 1, 2007 to December 13, 2012, to the Bureau
12 despite the fact that Mather knew the Mather Bros Loan never existed and that
13 the transactions reflected on the “Transactions by Account” ledger were
14 fictitious;

15 44. An applicant that provides untrue, inaccurate, inconsistent and/or misleading
16 information to the Bureau and/or Commission demonstrates a lack of ability to participate in,
17 engage in, or be associated with, controlled gambling.

18 45. An applicant that provides untrue, inaccurate, inconsistent and/or misleading
19 information to the Bureau and/or Commission demonstrates a lack of good character, honesty and
20 integrity.

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

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

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

5 49. During the hearing, Mather testified that he did not "look at" the financial documents
6 he sent to the Bureau.

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

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

14 52. The matter was submitted for Commission consideration on April 12, 2016.

15 LEGAL CONCLUSIONS

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

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

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

27 56. An "unqualified person" means a person who is found to be unqualified pursuant to
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1 the criteria set forth in Section 19857, and “disqualified person” means a person who is found to
2 be disqualified pursuant to the criteria set forth in Section 19859. Business and Professions Code
3 section 19823(b).

4 57. The Commission has the power to deny any application for a license, permit, or
5 approval for any cause deemed reasonable by the Commission. Business and Professions Code
6 section 19824(b).

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

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

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

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

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

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 whose prior
25 activities and criminal record, if any, reputation, habits, and associations do not pose a threat to
26 the public interest of this state, or to the effective regulation and control of controlled gambling,
27 or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities
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1 in the conduct of controlled gambling or in the carrying on of the business and financial
2 arrangements incidental thereto. Business and Professions Code section 19857(b).

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

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

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

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

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

2 NOTICE OF APPLICANT’S APPEAL RIGHTS

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

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

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

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

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

23 CCR section 12066, subsection (c) provides:

24 A decision of the Commission denying an application or imposing conditions on license
25 shall be subject to judicial review as provided in Business and Professions Code section
26 19870, subdivision (e). Neither the right to petition for judicial review nor the time for
27 filing the petition shall be affected by failure to seek reconsideration.
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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. No costs are to be awarded.

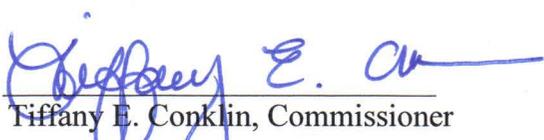
5 3. Each side to pay its own attorneys' fees.

6 This Order is effective on 6/27/16.

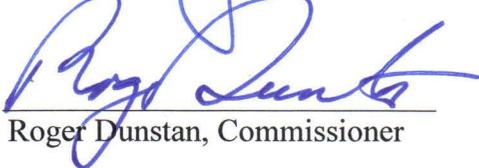
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8 Dated: 5/24/16

Signature: 
Jim Evans, Chairman

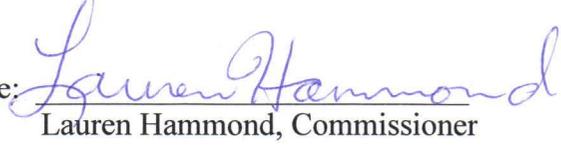
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11 Dated: May 26, 2016

Signature: 
Tiffany E. Conklin, Commissioner

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14 Dated: 5/26/16

Signature: 
Roger Dunstan, Commissioner

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17 Dated: 5/26/16

Signature: 
Lauren Hammond, Commissioner

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20 Dated: 5/26/16

Signature: 
Trang To, Commissioner