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BEFORE THE
CALIFORNIA GAMBLING CONTROL COMMISSION

In the Matter of the Application for Approval
of Third-Party Proposition Player Services
License Regarding:

RICARDO GIL MENDEZ

Applicant.

CGCC Case No. CGCC-2020-1029-14Cii
BGC Case No. BGC-HQ2021-00004SL

DECISION AND ORDER

Hearing Date: September 30, 2021
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, and held via Zoom video conference, on September 30, 2021.

Colin Wood, Deputy Attorney General, State of California (DAG Wood), represented complainant Nathan DaValle, Acting Director of the Bureau of Gambling Control (Bureau), Department of Justice, State of California.

Applicant Gil Mendez (Mendez) appeared on his own behalf without representation.

During the evidentiary hearing, Presiding Officer Kate Patterson took official notice of the following documents: the Commission’s Notice and Agenda of Commission Hearing, the Commission’s Conclusion of Prehearing Conference letter, the Notice of Hearing with two attachments (a) Mendez’s application for third-party proposition player services license; and (b) the Bureau’s initial Background Investigation Report; and Mendez’s signed Notice of Defense.

During the evidentiary hearing, Presiding Officer Kate Patterson 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 and 19871, CCR section 12060; and July 7, 2021, Certificate of Service by Certified Mail dated July 20, 2021, Bates Nos. BGC 001-017.

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- (2) Notice of Defense, dated November 21, 2020, Bates No. BGC 018-020.
- (3) Bureau Applications and Investigative Reports:
 - a. Application for Third-Party Proposition Player Services License for Supervisor, Player or Other Employee, dated July 19, 2017, BGC 021-022;
 - b. Level II Supplemental Information dated July 30, 2017, Bates Nos. BGC 023-051;
 - c. Bureau’s Initial Background Investigation Report, Level III dated August 2020, with Attachments A and B, Bates Nos. BGC 052-062.
- (4) Notices from the Commission:
 - a. October 19, 2020 Notice of Scheduled Commission Meeting, Bates Nos. BGC 063;
 - b. October 29, 2020 Commission Licensing Division Memorandum re: Agenda Item #14Cii, Bates Nos. BGC 064-066;
 - c. November 3, 2020, Referral of Conversion of Third-Party Registration to License to an Evidentiary Hearing for Mendez, Bates No. BGC 071-075;
 - d. March 30, 2021 Letter re Notice of Hearing, Bates Nos. BGC 071-075;
 - e. August 23, 2021 Conclusion of Prehearing Conference, Bates Nos. BGC 076-083.
- (5) Registration/License History for Ricardo Gil Mendez, 11/20/2012-07/21/2017, Bates Nos. BGC 084.
- (6) Certification of Official Records (Evidence Code section 280) signed by Jared Revak, Manager I, dated February 12, 2021, Bates Nos. BGC 085.
- (7) Ventura County Superior Court Case No.: 56-2015-00470908-CL-CL-VTA Limited; Abstract of Judgment Civil and Small Claims filed November 8, 2015; and Certified Proof of Service of Summons filed September 2, 2015, Bates

1 Nos. BGC 086-089.

2 (8) Miscellaneous Bureau Correspondence and Emails:

- 3 a. November 4, 2020 email from Michael Hunt to Kara Pritchard re
4 Mendez POS, Bates Nos. BGC 090;
- 5 b. November 4, 2020 Phone Contact Sheet to Ventura Superior Court
6 re case information, Bates Nos. BGC 091;
- 7 c. November 4, 2020 Phone Contact Sheet re Request Proof of
8 Service from law firm representing collection agency on Abstract of
9 Judgment, Bates Nos. BGC 092;
- 10 d. November 4, 2020 Phone Contact Sheet to Ventura County
11 Sheriff's Office re: record of service, Bates Nos. BGC 093;
- 12 e. Appointment of Designated Agent for Owners and Proposition
13 Players, dated December 4, 2019, Bates Nos. BGC 094.

14 During the evidentiary hearing, Presiding Officer Kate Patterson accepted into evidence
15 the following exhibits offered by Mendez:

16 A. Miscellaneous Documents:

- 17 1. Statement and timeline by Mendez, Bates Nos. APP 000001-
18 000003;
- 19 2. June 10, 2021 correspondence from Hunt & Henriques, Bates Nos.
20 APP 000004;
- 21 3. Correspondence and record of payment to Convergent Outsourcing,
22 Bates Nos. APP 000005-000007;
- 23 4. Certificates of Achievement, Bates Nos. APP 000008-000011;
- 24 5. 10 photographs, Bates Nos. APP 000012-000021.

25 B. Correspondence from Hunt & Henriques, and a receipt of payment to
26 Convergent Outsourcing, Bates Nos. APP000022-000025.

27 C. September 22, 2021, Letter of Reference from Emma Seche, Knighted
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1 Ventures, APP 000026.

2 The record closed and the matter was submitted on September 30, 2021.

3 FINDINGS OF FACT

4 **Procedural History**

5 1. On or about July 21, 2017, the Commission issued Third-Party Proposition Player
6 Services Registration, number TPSU-00141 to Mendez to allow for his continued employment
7 with Knighted Ventures, LLC (Knighted), a registered third-party proposition player services
8 provider.

9 2. On or about August 21, 2017, the Bureau received an initial Application for Third-
10 Party Proposition Player Services License for Supervisor, Player or Other Employee, and a Level
11 II Supplemental Information form (collectively, Application) from Mendez to allow for his
12 employment as a third-party player services supervisor for Knighted.

13 3. On or about August 25, 2020, the Commission received a Level III Third-Party Player
14 Initial Background Investigation Report (Report) on Mendez from the Bureau. In this report, the
15 Bureau recommends that the Commission deny Mendez's Application.

16 4. At its October 29, 2020 meeting, the Commission referred consideration of Mendez's
17 Application to a Gambling Control Act (GCA) evidentiary hearing to be held pursuant to CCR
18 section 12054, subdivision (a)(2).

19 5. On or about November 23, 2021, the Commission received a Notice of Defense form
20 signed by Mendez requesting an evidentiary hearing on the consideration of his Application.

21 6. On or about March 30, 2021, the Commission sent a Notice of Hearing to Mendez and
22 DAG Wood, providing that an evidentiary hearing would be held before the Commission on
23 September 30, 2021.

24 7. On July 2, 2021, The Bureau served its Statement of Reasons and related documents
25 on the Commission and Mendez. In the Statement of Reasons, the Bureau requests that the
26 Commission deny Mendez's Application on the basis that he provided untrue or misleading
27 information on his Application regarding derogatory financial history.

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1 8. The Commission heard this matter via Zoom video conference on September 30,
2 2021. The Bureau was represented throughout the hearing by DAG Wood. Mendez appeared on
3 his own behalf without representation.

4 **Mendez’s Employment History in Controlled Gambling**

5 9. Mendez has worked in controlled gaming since July 2012. Mendez worked for Aces
6 High Gaming, LLC, Global Player Services, LLC, Dragon Player Services, LLC, and most
7 recently, Knighted. In all of these positions, Mendez’s employers were third-party proposition
8 player services providers contracted to provide services for Players Casino in Ventura, California.

9 10. Mendez has been employed by Knighted since approximately November 23, 2015.
10 Since July 7, 2017, Mendez has worked as a supervisor for Knighted with his primary duties
11 involving supervising gaming associates at California Games tables.

12 11. There was no evidence presented that Mendez has had any derogatory employment-
13 related issues while working in controlled gambling.

14 **Mendez’s Derogatory Financial History**

15 12. The Application filled out by Mendez consisted, in part, of a Level II Supplemental
16 Information form (Supplemental). The final page of the Supplemental contains a Declaration, to
17 be signed by the applicant under the penalty of perjury, that the statements contained therein are
18 true and correct and contain a full and true account of the information requested. Mendez signed
19 the Declaration on July 30, 2017.

20 13. Section (3)(L) of the Supplemental asks, “Have you, as an individual, member of a
21 partnership, or shareholder, director, or officer of a corporation, been party to a lawsuit or
22 arbitration within the last ten years.” Mendez checked “No.” The next section asks for the
23 applicant to provide various details about any lawsuits or arbitrations identified in response to the
24 prior question, and in response, Mendez wrote “NA.”

25 14. Section (4)(C) on the Supplemental asks, “Have you had any purchase repossessed or
26 debt turned over to collection for any reason within the last ten years?” Mendez checked “No.”

27 15. During the course of conducting its background investigation, the Bureau found that
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1 there was a civil judgment against Mendez in favor of Portfolio Recovery Associates, LLC, in the
2 amount of \$4,531.01. The judgment was entered on August 30, 2015, and an Abstract of
3 Judgment was filed on November 8, 2016 in the Ventura County Superior Court. The Bureau also
4 determined that Portfolio Recovery Associates, LLC had a collections account pertaining to
5 Mendez seeking an unpaid balance of \$921.

6 16. On December 15, 2019, Mendez provided a written statement to the Bureau regarding
7 the judgment and collections account and his failure to disclose these items on the Application.
8 Mendez explained that the judgment stemmed from a delinquent credit card account that he was
9 unable to pay during a period of unemployment in 2012. The collections account also involved an
10 unpaid credit card that was turned over to collections in May 2015 by World Financial Network
11 Bank. Mendez indicated that he was working on a plan to resolve and settle both disputes with a
12 financial advisor. Regarding his failure to disclose the derogatory financial information on his
13 Application, Mendez indicated that he was unaware of the judgment and the collections account
14 when he filled out the Application because he did not receive any mail or information regarding
15 these matters from his creditors.

16 17. In the course of the Bureau's investigation, Bureau staff contacted the Michael Hunt,
17 the attorney for the plaintiff, Portfolio Recovery Associates, LLC, and learned that Mendez was
18 personally served with a copy of the lawsuit on August 28, 2015. However, Mendez did not
19 respond to or participate in the lawsuit.

20 18. Additionally, in October 2018, after submission of his Application, Mendez's vehicle
21 was repossessed due to an unpaid balance of \$12,415 leading to the account to be charged-off by
22 Nissan Motor Company. On December 15, 2019, Mendez provided the Bureau with a written
23 statement explaining the circumstances leading to the vehicle being repossessed. Mendez
24 explained that he leased the vehicle from Nissan Motor Company and was not able to keep up
25 with the high monthly payments. After being three months behind on payment, the vehicle was
26 repossessed and his account was sent to collections. Mendez further stated that he intended to pay
27 off the debt and get help from a financial advisor.

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1 19. At the evidentiary hearing, Mendez’s testimony was consistent with his prior written
2 statements to the Bureau, except that he acknowledged that he likely received documentation
3 regarding the collections account and judgment from his creditors. Mendez testified that in early
4 2018 he moved and did not update his address with the postal service. However, Mendez’s prior
5 residence was owned by a family member and he would go back every 3-6 months and pick up
6 any mail that was delivered there for him. Mendez testified that he likely received mail pertaining
7 to the civil judgment and collections account. Mendez knew that he had unpaid credit cards and
8 he received a lot of paperwork that he didn’t understand or just ignored and set aside due to his
9 inability to make payments.

10 20. Mendez testified that when he filled out the Application, he was very uneducated
11 about the consequences of his delinquent credit accounts. Mendez had reviewed his credit score
12 and related information on the Credit Karma application approximately a month before filling out
13 the Application and it did not show that there was a judgment against him or give any indication
14 that he had an open collections account.

15 21. Mendez testified that he did not obtain a full copy of a credit report prior to filling out
16 the Application. While Mendez acknowledged that he likely received paperwork regarding the
17 judgment, he did not understand what a “judgment” was or realize it meant that he was a party to
18 a lawsuit. Mendez believed that he accurately responded to the questions on the Application
19 inquiring whether he had been a party to a lawsuit or had a debt turned over to collection at the
20 time he filled it out.

21 22. Mendez testified that after submitting his December 2019 response to the Bureau, he
22 sought advice from family and friends and began mentally working on a plan to resolve his debts.
23 Mendez began to research the implications of failing to meet his financial obligations and began
24 to save money with the intent of contacting his creditors when he was able to make payments.

25 23. Recently, Mendez used resources on Credit.org and through his employer’s Employee
26 Assistance Program to receive advice from a financial advisor. He also completed some
27 coursework that helped him understand the collections process. When Mendez had enough money
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1 saved to make payments, he contacted his creditors to make arrangements to resolve his debts.

2 24. Mendez testified that he was furloughed for almost a year by Knighted due to Covid
3 19. Despite being unemployed, he continued to save money and care for his family while he was
4 unable to work. Mendez has successfully satisfied his debts, with the exception of the judgment.
5 Mendez set up a payment plan to satisfy the judgment and his final payment is due on November
6 30, 2021, and at that time he will be debt-free.

7 **Assessment of Suitability for Licensure**

8 25. The failure of an applicant to provide accurate, complete, and truthful information on
9 an application for licensure can have a negative impact on the applicant's suitability for licensure.
10 Mendez should have accurately disclosed his derogatory financial history on the Application.

11 26. The Commission found Mendez's testimony that he did not understand that a
12 judgment was entered against him to be credible. Mendez did not participate in the lawsuit and
13 did not understand that his failure to pay his credit card could result in a lawsuit being filed
14 against him. Mendez likely received documents by mail or personal service regarding the
15 existence of the lawsuit and judgment, but he was overwhelmed by his negative financial
16 situation. Rather than carefully reviewing the documents and seeking assistance in understanding
17 the content, Mendez would set the documents aside because he knew he did not have the money
18 to make any payments at that time.

19 27. Mendez did not intend to mislead the Bureau when he indicated that he had not been a
20 party to a lawsuit and did not have an account in collections on the Application. Rather, he
21 disclosed what he believed to be accurate information when he filled out the Application.
22 Therefore, Mendez is not disqualified from licensure for failing to disclose the lawsuit and
23 collections account on the Application.

24 28. Emma Seche, Development Manager for Knighted Ventures, provided a letter of
25 support for Mendez, which was admitted into evidence at the hearing. Ms. Seche wrote that
26 Mendez was a respected member of the Knighted management team, he communicates clearly
27 with his team, and is consistently positive. Ms. Seche wrote that Mendez has demonstrated that he
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1 can keep calm during and manage stressful situations and goes out of his way to help others. Over
2 the last two years, Mendez has shown flexibility and willingness to adapt to organizational needs
3 by learning new skills to assist with recruiting and training new employees. Ms. Seche believes
4 that Mendez's contributions have been paramount to Knighted being successful during
5 tumultuous times.

6 29. Candace Berry, Designated Agent for Knighted, testified on Mendez's behalf at the
7 evidentiary hearing. Ms. Berry testified that she appreciates having Mendez on the Knighted
8 team. Ms. Berry testified that Mendez is a great individual, is well-rounded, and he cares about
9 his community and the success of Knighted.

10 30. The collective testimony of Ms. Berry and the letter by Ms. Seche are persuasive that
11 Mendez has demonstrated many positive attributes as an employee of Knighted and is a valued
12 member of Knighted's management team.

13 31. Mendez also testified that he serves his community by volunteering for a local food
14 bank and participating in events, such as a beach clean-up at the Ventura Harbor and a walk
15 supporting breast cancer research. Additionally, Mendez is very involved in his kids' school and
16 volunteers there once a week or more. Mendez's contributions to his community reflect positively
17 on his character.

18 32. Mendez has worked in controlled gambling since 2012 with no derogatory
19 employment history. Further, Players changed third party providers multiple times since 2012.
20 Each newly contracted third party provider chose to hire Mendez to continue providing services
21 at Players. Additionally, Knighted promoted Mendez to a supervisor position. These facts, in
22 conjunction with the testimony of Ms. Berry and letter by Ms. Seche, weigh in favor of a finding
23 that Mendez does not pose a risk to the effective regulation of controlled gambling.

24 33. Mendez's actions of utilizing the Employee Assistance Program and other resources to
25 better understand the consequences of his failure to timely make payments to creditors and his
26 efforts to resolve his debts is commendable.

27 34. Based on the foregoing factual findings, the existence of Mendez's derogatory
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1 financial history and his failure to disclose on the Application that he was a party to a lawsuit and
2 had debt that was turned over to collections is insufficient to demonstrate a lack of good
3 character, honesty, or integrity, or that he poses a risk to the public interest of this state or to the
4 effective regulation and control of controlled gambling.

5 35. All documentary and testimonial evidence submitted by the parties that is not
6 specifically addressed in this Decision and Order was considered but not used by the Commission
7 in making its determination on Mendez's Application.

8 LEGAL CONCLUSIONS

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

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

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

20 39. The Commission has the power to deny any application for a license, permit, or
21 approval for any cause deemed reasonable by the Commission. Business and Professions Code
22 section 19824(b).

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

25 41. An application to receive a license constitutes a request for a determination of the
26 applicant's general character, integrity, and ability to participate in, engage in, or be associated
27 with, controlled gambling. Business and Professions Code section 19856(b).

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1 42. At an evidentiary hearing pursuant to Business and Professions Code sections 19870
2 and 19871 and CCR section 12060(b), the burden of proof rests with the applicant to prove his or
3 her qualifications to receive any license under the GCA. CCR section 12060(i).

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

8 44. An “unqualified person” means a person who is found to be unqualified pursuant to
9 the criteria set forth in Business and Professions Code section 19857, and “disqualified person”
10 means a person who is found to be disqualified pursuant to the criteria set forth in Business and
11 Professions Code section 19859. Business and Professions Code section 19823(b).

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

15 46. An application for a license will be denied if the Commission finds that the applicant
16 has not satisfied the requirements of Business and Professions Code section 19857. CCR section
17 12040(a)(1).

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

23 48. An application for a license will be denied if the Commission finds that any of the
24 provisions of Business and Professions Code section 19859 apply to the applicant. CCR section
25 12040(a)(2).

26 49. Mendez met his burden of demonstrating that he is a person of good character, honesty
27 and integrity pursuant to Business and Professions Code section 19857(a). Therefore, Mendez is
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1 qualified to receive a Third-Party Proposition Player Services License pursuant to Business and
2 Professions Code section 19857(a) and not subject to denial pursuant to CCR section 12040(a)(1).

3 50. Mendez has also met his burden of demonstrating that he is a person whose prior
4 activities, reputation, habits, and associations do not pose a threat to the public interest of this
5 state, or to the effective regulation and control of controlled gambling, or create or enhance the
6 dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of
7 controlled gambling or in the carrying on of the business and financial arrangements incidental
8 thereto. Therefore, Mendez is qualified to receive a Third-Party Proposition Player Services
9 License pursuant to Business and Professions Code section 19857(b) and is not subject to denial
10 pursuant to CCR section 12040(a)(1).

11 51. Finally, Mendez has met his burden of demonstrating that he is not disqualified from
12 receiving a Third-Party Proposition Player Services License pursuant to Business and Professions
13 Code section 19859 and not subject to denial pursuant to CCR section 12040(a)(2).

14 52. Based on the foregoing, Mendez is qualified to receive a Third-Party Proposition
15 Player Services License.

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NOTICE OF APPLICANT’S APPEAL RIGHTS

Mendez has the following appeal rights available under state law:

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

(a) After the Commission issues a decision following a GCA hearing conducted pursuant to Section 12060, an applicant denied a license, permit, registration, or finding of suitability, or whose license, permit, registration, or finding of suitability has had conditions, restrictions, or limitations imposed upon it, may request reconsideration by the Commission. A request for reconsideration must be:

- (1) Made in writing to the Commission, copied to the Complainant. The Bureau may provide a written response to the Commission within 10 calendar days of receipt of the request; and
- (2) Received by the Commission and Complainant within 30 calendar days of service of the decision, or before the effective date specified in the decision, whichever is earlier.

(b) A request for reconsideration must state the reasons for the request, which must be based upon either:

- (1) Newly discovered evidence or legal authorities that could not reasonably have been presented before the Commission’s issuance of the decision or at the hearing on the matter; or,
- (2) Other good cause which the Commission may decide, in its sole discretion, merits reconsideration.

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

A decision of the commission denying a license or 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 described in the foregoing sentence, 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:

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

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ORDER

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2 1. Ricardo Gil Mendez’s Application for Third-Party Proposition Player Services License
3 is APPROVED with the condition that beginning on December 30, 2021, and every 90 days
4 thereafter until the judgment is satisfied, Mendez must submit to the Bureau proof of payments
5 made or other documentation supporting his efforts to the satisfy the judgment entered against
6 him in favor of Portfolio Recovery Associates, LLC.

7 2. No costs are awarded.

8 3. Each side to pay its own attorneys’ fees.

9 This Order is effective on November 4, 2021.

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11 Dated: 11/4/21

Signature: 


Paula LaBrie, Chair

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14 Dated: 11/4/21

Signature: 


Cathleen Galgiani, Commissioner

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16 Dated: 11/04/2021

Signature: 

Eric Heins, Commissioner

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19 Dated: 11-4-21

Signature: 

William Liu, Commissioner

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22 Dated: 11/4/21

Signature: 

Edward Yee, Commissioner