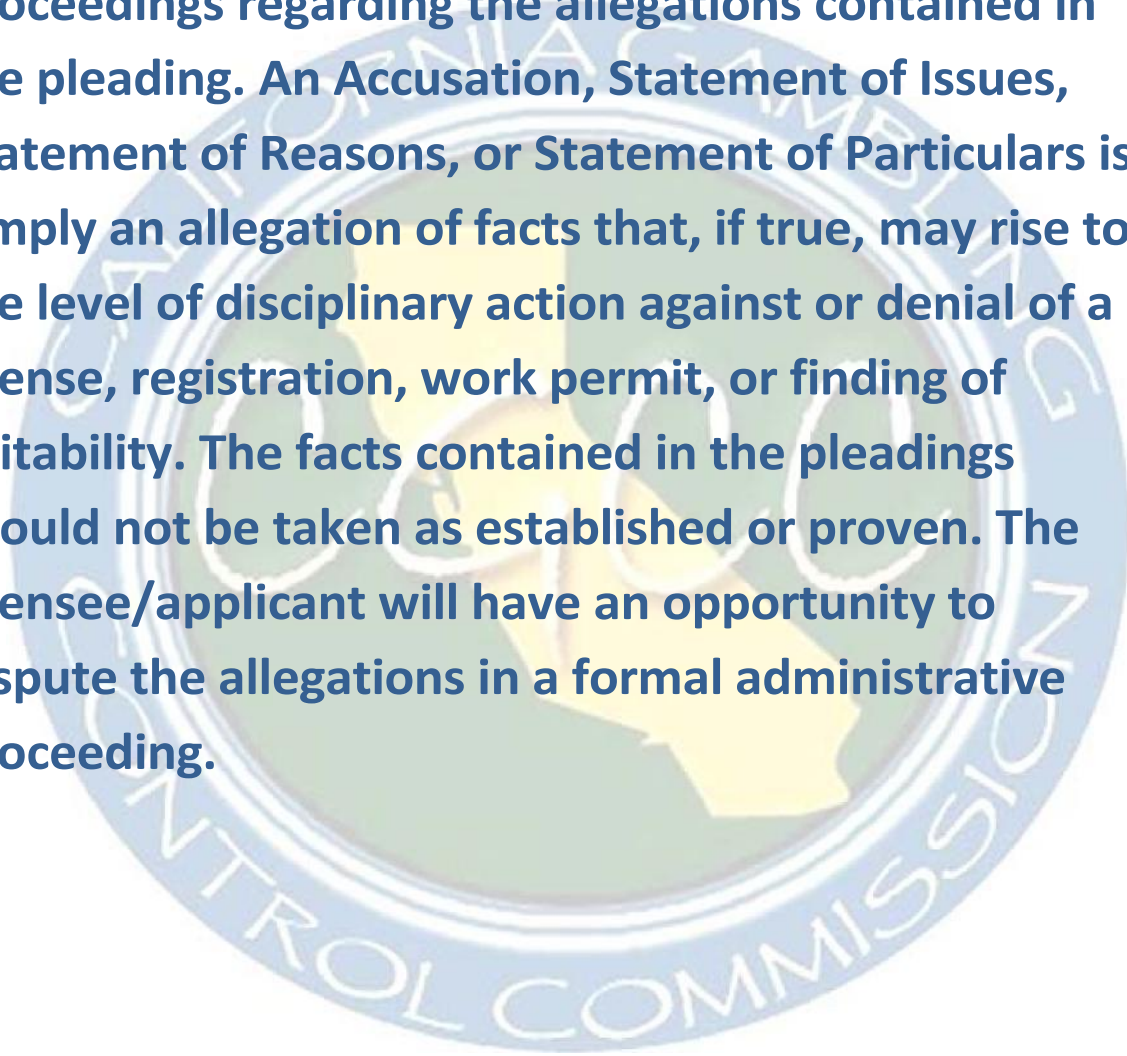


The Commission is providing a copy of this pleading (Accusation, or Statement of Reasons, Statement of Particulars, or Statement of Issues) so the public is as informed as possible of pending administrative proceedings regarding the allegations contained in the pleading. An Accusation, Statement of Issues, 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:**

**BLACKSTONE GAMING, LLC (TPPP-000119); and**

**TUAN VAN THAI (TPOW-000526), its sole member.**

**100 W. Broadway, Suite 255  
Long Beach, CA 90802**

**Respondents.**

BGC Case No.: BGC-HQ2021-00001AL

OAH Case No.:

**FIRST AMENDED ACCUSATION**

Complainant alleges as follows:

**PARTIES**

1. Yolanda Morrow (Complainant) brings this accusation solely in her official capacity as Director of the Department of Justice, Bureau of Gambling Control (Bureau).
2. Respondent Blackstone Gaming, LLC (Blackstone), license number TPPP-000119, is a limited liability company that provides third-party proposition player services (third-party provider) to multiple card rooms throughout California. Respondent Tuan Van Thai

(Member), license number TPOW-000526, is Blackstone’s sole member. Collectively, Blackstone and Member are referred to as “Respondents” in this accusation. Respondents are licensed by the California Gambling Control Commission (Commission) pursuant to the Gambling Control Act (Act) (Bus. & Prof. Code, § 19800 et seq.)<sup>1</sup>

### **SUMMARY OF THE CASE**

3. California’s public policy, as expressly provided in the Act, requires comprehensive measures to maintain the public trust that permissible gambling will not endanger the public health, safety, or welfare is free from criminal and corruptive elements and is conducted honestly and competitively. (Bus. & Prof. Code, § 19801, subd. (g).) Strict and comprehensive regulation of all persons, practices, and activities related to the operation of lawful gambling establishments maintains public trust and confidence. (Bus. & Prof. Code, § 19801, subd. (h).) Accordingly, the Act is to be liberally construed to effectuate those purposes. (Bus. & Prof. Code, § 19971.) State law requires a separation between a gambling enterprise and a third-party provider. (See Bus. & Prof. Code, § 19984, subd. (a); Pen. Code, § 330.11.)

4. This proceeding arises out of Respondents’ continuing failure to fulfill their obligations with respect to permissible gambling and maintaining the required separation between a third-party provider and a gambling enterprise. Respondents persistently used, or allowed, conduct that violated the Act and regulations adopted under the Act. Respondents failed to implement reasonable procedures to protect prevent those violations. Respondents’ acts and omissions make their licenses subject to discipline, including, among other things, monetary penalties or fines, suspension, and revocation. (Cal. Code Regs., tit. 4, §§ 12554, subd. (d), 12560, subd. (b)(26).)

### **JURISDICTION AND COST RECOVERY**

5. The Commission has jurisdiction over the operation and concentration of gambling establishments and all persons and things having to do with the operation of gambling establishments. (Bus. & Prof. Code, § 19811, subd. (b).) The Act tasks the Bureau with, among

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<sup>1</sup> The statutes and regulations applicable to this accusation are quoted in pertinent part in Appendix A.

1 other responsibilities, investigating suspected violations of the Act and initiating disciplinary  
2 actions. (Bus. & Prof. Code, §§ 19826, subds. (c) & (e) & 19930, subd. (b).) Upon the Bureau  
3 filing an accusation, the Commission proceeds under Government Code section 11500 et seq.  
4 (Bus. & Prof Code, § 19930, subd. (b); see Cal. Code Regs., tit. 4, § 12554, subd. (a).) The  
5 Commission’s disciplinary powers include, among other things, revocation and imposition of a  
6 fine or monetary penalty. (Cal. Code Regs., tit. 4, §§ 12554, subd. (d), 12560, subd. (b)(26).)

7 6. In a matter involving revocation or suspension of a license by an administrative  
8 law judge, the Bureau may recover its costs of investigation and prosecuting the proceeding.  
9 (Bus. & Prof. Code, § 19930, subd. (d).)

#### 10 **STANDARD OF PROOF**

11 7. In a proceeding under the Act, the standard of proof is the preponderance of the  
12 evidence, which “is such evidence as when considered and compared with that opposed to it, has  
13 more convincing force, and produces a belief in the mind of the fact-finder that what is sought to  
14 be proved is more likely true than not true.” (Cal. Code Regs., tit. 4, § 12554, subd. (c).)

#### 15 **CAUSE FOR DISCIPLINE**

##### 16 **(Failure to Comply with Regulations)**

17 8. Respondents’ licenses are subject to discipline, including revocation or suspension,  
18 because they failed to comply with regulations adopted under the Act. Respondents’ acts and  
19 omissions pose a threat to the public interest of this state and to the effective regulation and  
20 control of controlled gambling.

21 9. By regulation, only a player authorized by a card room’s third-party provider may  
22 possess, direct, or otherwise control currency, chips, or other wagering instruments used for play  
23 in the third-party provider’s performance of its duties. Respondents operated in a manner that  
24 violated the regulation by assigning multiple tables and “player’s banks” to a single player. As a  
25 result of that operating manner, an authorized player did not possess, direct, or otherwise control  
26 currency, chips, or other wagering instruments at all times. Rather, the player left gambling  
27 tables unattended and chips unsecured and out of the player’s possession, custody, or control. On  
28 occasion, because they were tending to other tables, Blackstone’s players provided chips to a card

1 room's dealer to pay winners and allowed the dealers to collect from losers. Respondents  
2 operated in the manner described in this paragraph 9 in multiple card rooms in the state,  
3 including, among others, Ocean's Eleven Casino, Larry Flynt's Lucky Lady Casino, The Hustler  
4 Casino, Crystal Casino, Casino M8trix, and Limelight Cardroom.

5 10. Between January 9, 2020 and December 28, 2023, the Bureau issued ten letters of  
6 warning or notices to cure to Blackstone regarding the conduct described in paragraph 9 above.  
7 Additionally, an August 31, 2021 notice to cure referenced incident reports submitted by  
8 Blackstone advising of chips that were stolen from its player's banks. Despite that knowledge  
9 and the opportunity to cease the conduct that violated the regulations, Respondents failed to  
10 implement procedures to prevent or eliminate the violations. As recently as November 15, 16,  
11 and 21, 2023, the Bureau determined in an undercover investigation that Blackstone continued to  
12 operate as described in paragraph 9 above.

13 (Bus. & Prof. Code, §§ 19801, 19823, 19824, subd. (d), 19857, subds. (a) & (b); Cal. Code Regs.,  
14 tit. 4, §§ 12040, subd (a), 12290, subd. (b), 12560, subd. (b)(26).)

15 **PRAYER**

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

18 1. Disciplining License Number TPPP-000119, issued to respondent Blackstone  
19 Gaming, LLC;

20 2. Disciplining License Number TPOW-000526, issued to respondent Tuan Van  
21 Thai;

22 3. Imposing fines or monetary penalties against Respondents, jointly and severally,  
23 according to proof and to the maximum extent allowed by law;

24  
25 ///


26 ///

27 ///

1           4.       Awarding Complainant the costs of investigation and the costs of bringing this  
2 accusation before the Commission, pursuant to Business and Professions Code section 19930,  
3 subdivisions (d) and (f), in a sum according to proof; and

4           5.       Taking such other and further action as the Commission may deem appropriate.

5  
6 Dated: January 23, 2024

  
YOLANDA MORROW, Director  
Bureau of Gambling Control  
California Department of Justice

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

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

7 (b) For the purposes of this section, “unqualified person” means a  
8 person who is found to be unqualified pursuant to the criteria set forth in  
9 Section 19857, and “disqualified person” means a person who is found to  
be disqualified pursuant to the criteria set forth in Section 19859.

10 4. Business and Professions Code section 19824 provides, in part:

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

13 \* \* \*

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

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

17 The department<sup>2</sup> . . . shall have all of the following responsibilities:

18 \* \* \*

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

21 \* \* \*

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

27  
28 <sup>2</sup> “Department” refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd.  
(h).) The Bureau is an entity within the Department of Justice.



1           6. Business and Professions Code section 19857 provides:

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

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

6                     (b) A person whose prior activities, criminal record, if any, reputation,  
7                     habits, and associations do not pose a threat to the public interest of this  
8                     state, or to the effective regulation and control of controlled gambling, or  
9                     create or enhance the dangers of unsuitable, unfair, or illegal practices,  
10                     methods, and activities in the conduct of controlled gambling or in the  
11                     carrying on of the business and financial arrangements incidental thereto.

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

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

15                     (b) If, after any investigation, the department is satisfied that a license,  
16                     permit, finding of suitability, or approval should be suspended or revoked,  
17                     it shall file an accusation with the commission in accordance with Chapter  
18                     5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of  
19                     the Government Code.

20                                     \* \* \*

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

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

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

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

4 \* \* \*

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

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

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

10 8. Business and Professions Code section 19971 provides:

11 This act is an exercise of the police power of the state for the  
12 protection of the health, safety, and welfare of the people of the State of  
13 California, and shall be liberally construed to effectuate those purposes.

14 9. Business and Professions Code section 19984, subdivision (a) provides:

15 Notwithstanding any other law, a licensed gambling enterprise  
16 may contract with a third party for the purpose of providing proposition  
17 player services at a gambling establishment, subject to the following  
18 conditions:

19 (a) Any agreement, contract, or arrangement between a gambling  
20 enterprise and a third-party provider of proposition player services shall be  
21 approved in advance by the department, and in no event shall a gambling  
22 enterprise or the house have any interest, whether direct or indirect, in  
23 funds wagered, lost, or won.

## 24 Penal Code

25 10. Penal Code section 330.11 provides:

26 "Banking game" or "banked game" does not include a controlled  
27 game if the published rules of the game feature a player-dealer position  
28 and provide that this position must be continuously and systematically  
rotated amongst each of the participants during the play of the game,  
ensure that the player-dealer is able to win or lose only a fixed and  
limited wager during the play of the game, and preclude the house,  
another entity, a player, or an observer from maintaining or operating as a  
bank during the course of the game. For purposes of this section it is not  
the intent of the Legislature to mandate acceptance of the deal by every  
player if the division finds that the rules of the game render the  
maintenance of or operation of a bank impossible by other means. The  
house shall not occupy the player-dealer position.

**California Code of Regulations, Title 4**

11. California Code of Regulations, title 4, section 12040 provides in part:

(a) An application for an initial or renewal license:

(1) Will be denied if the Commission finds that the applicant has not satisfied the requirements of Business and Professions Code section 19857.

12. California Code of Regulations, title 4, section 12290, subdivision (b) provides:

(b) Only an authorized player may possess, direct, or otherwise control currency, chips, or other wagering instruments used for play in the performance of a TPPPS contract.

13. 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.

\* \* \*

(c) The Administrative Law Judge and Commission shall base their decisions on written findings of fact, including findings concerning any relevant aggravating or mitigating factors. Findings of fact shall be based upon a preponderance of the evidence standard. The “preponderance of the evidence standard” is such evidence as when considered and compared with that opposed to it, has more convincing force, and produces a belief in the mind of the fact-finder that what is sought to be proved is more likely true than not true.

(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:

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

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

\* \* \*

1 (4) Impose any condition, limitation, order, or directive . . . ;

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

4 14. California Code of Regulations, title 4, section 12560, subdivision (b)(26), provides:

5 (b) A TPPPS owner type licensee will be subject to a minimum  
6 discipline of suspension of five calendar days from either a specified  
7 cardroom business licensee or all cardroom business licensees, as the  
8 circumstances and factors in mitigation or aggravation apply, and a  
9 maximum discipline of revocation, which may be stayed on terms and  
10 conditions and any monetary penalty as described in paragraph (7) of  
11 subsection (d) of Section 12554, if the Commission finds that:

9 \* \* \*

10 (26) The TPPPS owner type licensee knew, or failed to implement  
11 reasonable oversight procedures that would have apprised the TPPPS  
12 owner type licensee, that one or more of the TPPPS owner type licensee's  
13 TPPPS employee type licensees was in violation of one or more provision  
14 the Act or regulation and failed or refused to take action to prevent the  
15 recurrence of the violation or violations . . . .