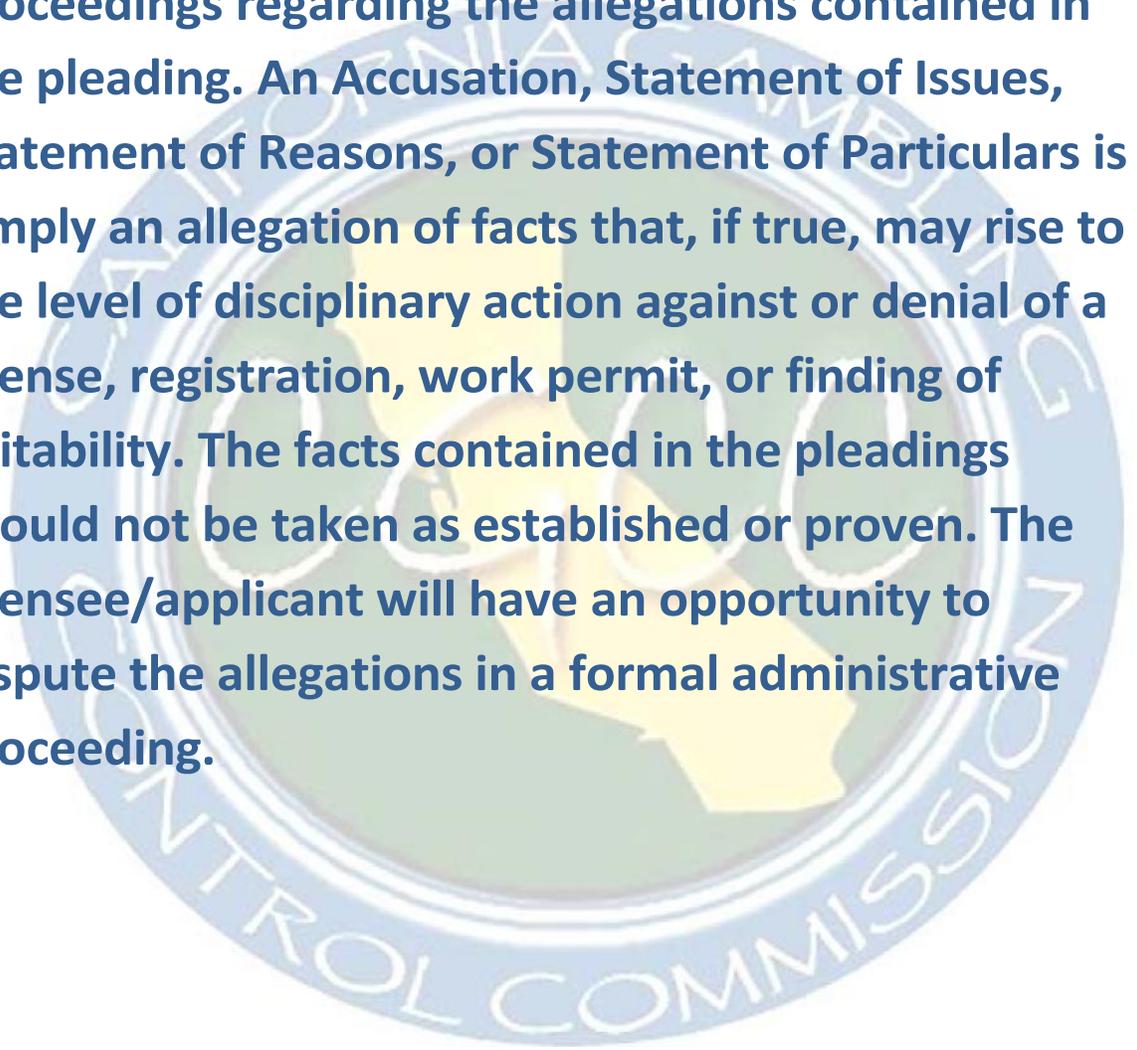


The Commission is providing a copy of this pleading (Accusation, or Statement of Reasons, Statement of Particulars, or Statement of Issues) so the public is as informed as possible of pending administrative proceedings regarding the allegations contained in the pleading. An Accusation, Statement of Issues, 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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11  
12 **BEFORE THE**  
13 **CALIFORNIA GAMBLING CONTROL COMMISSION**  
14 **STATE OF CALIFORNIA**  
15

16 In the Matter of the Initial State Gambling  
17 License Application for:

CGCC Case No. CGCC-2020-0227-11A-F

BGC Case No. HQ2020-00007SL

18 **FORTISS, LLC; JOHN H. PARK TRUST**  
19 **UNDER DECLARATION OF TRUST**  
20 **DATED JULY 18, 2012, MEMBER; JOHN**  
21 **PARK, TRUSTEE, SETTLOR,**  
22 **BENEFICIARY; MICHAEL VASEY,**  
23 **MEMBER, CHIEF FINANCIAL OFFICER;**  
24 **JOHN PARK, MANAGER; EMILY PARK,**  
25 **SUCCESSOR TRUSTEE**

**STATEMENT OF PARTICULARS**

26 **1100 S. Flower Street, Suite 3100**  
27 **Los Angeles, CA 90015**

28 **Applicants.**

1 **PARTIES**

2 1. Stephanie K. Shimazu submits this Statement of Particulars solely in her official  
3 capacity as the Director of the California Department of Justice, Bureau of Gambling Control  
4 (Bureau).

5 2. Fortiss, LLC (Fortiss) is a consulting company that was organized by John H. Park  
6 (Mr. Park) in May 2004, in Nevada. Fortiss provides administrative services in the areas of  
7 management, recruiting, hiring, training, information technology, industry certification, career  
8 development, human resources, accounting, and assistance with state and local licensing  
9 compliance, and legal services including contract, regulatory guidance and litigation management  
10 (Collectively, Services). The current members of Fortiss are the John H. Park Trust, dated July  
11 18, 2012 (Trust) and Michael Charles Vasey (Mr. Vasey). In addition to being a member of  
12 Fortiss, Mr. Vasey is also the Chief Financial Officer of Fortiss. Emily Park is a successor trustee  
13 of the Trust. The Trust's ownership interest in Fortiss is 99.5%, and Mr. Vasey's ownership  
14 interest in .5%. Mr. Park is the manager of Fortiss, and Mr. Park is also the Trust's trustee,  
15 settlor, and sole beneficiary. Fortiss, the Trust as a member, Mr. Park as a trustee, settlor, and  
16 beneficiary, Mr. Vasey as a member, Mr. Park as a manager, and Emily Park, successor trustee,  
17 are collectively referred to as "Applicants."

18 **HISTORY OF APPLICATIONS**

19 3. On or about October 20, 2016, the California Gambling Control Commission  
20 (Commission) placed a condition on Cal-Pac Rancho Cordova dba Parkwest Casino Cordova's  
21 (Cordova) (GEGE-001300) State Gambling License requiring Fortiss and Mr. Vasey to submit  
22 applications for State Gambling License (Applications). It was discussed that Applicants would  
23 also be required to submit Applications for licensure with Mr. Park's remaining gambling  
24 establishments.

25 4. Including Cordova, Mr. Park's gambling establishments are Cal-Pac Sonoma, LLC  
26 dba Parkwest Casino Sonoma (Sonoma) (GEGE-000005); The Silver F, Inc., dba Parkwest  
27 Casino Lotus (Lotus) (GEGE-001321); Lodi Cardroom, Inc. dba Parkwest Casino Lodi (Lodi)  
28 (GEGE-001299); Casino 580, LLC dba Parkwest Casino 580 (Casino 580) (GEGE-001322); and

1 The River Card Room, Inc. dba The River Card Room (The River) (GEGE-001092) (collectively,  
2 the Parkwest Casinos). The six Parkwest Casinos are all owed or partially owned by Mr. Park.

3 5. On or about December 15, 2016, and August 9, 2017, the Bureau received  
4 Applications from Fortiss and its members to be licensed with each of the Parkwest Casinos.

5 6. On or about September 16, 2019, the Bureau submitted an Initial Background  
6 Investigation Report to the Commission recommending that the Commission approve the State  
7 Gambling License for Applicants, Mr. Park as the manager of Fortiss, and Mr. Vasey as a  
8 member of Fortiss. However, the Bureau's recommendation included the following condition:

9                   Within 30 days of the Commission's approval, Fortiss, LLC  
10 shall terminate its Administrative Services Agreement with  
11 Knighted Ventures, LLC or Parkwest Casino Cordova, Parkwest  
12 Casino Sonoma, Parkwest Casino Lotus, Parkwest Casino 580, and  
Parkwest Casino Lodi must terminate their contracts with Knighted  
Ventures, LLC. (Bureau's Recommended Licensing Condition.)

13 7. On February 27, 2020, pursuant to California Code of Regulations, title 4, section  
14 12054, subdivision (a)(2), the Commission voted to refer consideration of the Applications to an  
15 evidentiary hearing to be conducted before the Commission as a Gambling Control Act (GCA)  
16 hearing under the provisions of California Code of Regulations, title 4, section 12060.

17 8. Applicants each submitted a Notice of Defense, dated March 17, 2020.

### 18 **BURDEN OF PROOF**

19 9. Applicants have the burden of proving that they are qualified to receive a state  
20 gambling license. (Bus. & Prof. Code, § 19856, subd. (a).)

### 21 **LICENSURE CONSIDERATIONS**

#### 22 **(Factors in Aggravation and Mitigation)**

23 10. The Commission required Fortiss to apply for a State Gambling License after Fortiss  
24 was deemed to have significant influence over the Parkwest Casinos. Fortiss provides services to  
25 all six of the Parkwest Casinos, in addition to other entities owned by Mr. Park.

26 11. In addition to providing Services to the Parkwest Casinos, since February 8, 2012,  
27 Fortiss has also provided similar Services to Knighted Ventures, LLC (Knighted). Knighted is a  
28

1 Third Party Provider of Proposition Player Services (TPPPS) owned by Roy Choi (Mr. Park's  
2 cousin) and Jieho Lee.

3 12. On October 1, 2018, Fortiss entered into its current agreement with Knighted. This  
4 agreement states that Fortiss is to provide services in the areas of accounting, human resources,  
5 information technology, and legal services that includes contracts, regulatory guidance and  
6 litigation support (Contractor Services). Fortiss' provides legal services to Knighted under this  
7 current agreement that includes "guidance with entity, owner, and employee state and local  
8 licensing laws" and "[l]itigation support". The current agreement also authorizes Fortiss to  
9 provide Knighted with "[a]dditional miscellaneous services as may be specifically requested by  
10 Client to Contractor in writing from time to time."

11 13. Knighted is paying Fortiss a fixed monthly rate of \$166,667 for providing these  
12 Contractor Services under the October 1, 2018, month-to-month agreement. In response to a  
13 question regarding how Fortiss and Knighted calculated this monthly rate, on November 20,  
14 2019, Mr. Vasey advised Bureau staff as follows:

15 The contract rate stated in the Fortiss/Knighted Ventures agreement is  
16 negotiated by the Parties. In preparation for the negotiations, Fortiss  
17 performed a confidential internal calculation to determine the actual costs  
18 it incurs in providing the services to Knighted Ventures, plus 17%.

19 14. In 2014, Fortiss and its attorneys were involved in the review of an incident report  
20 regarding a dealer cheating scheme at Cordova. On or about January 6, 2015, Bureau staff  
21 contacted Cordova staff to request Cordova's final incident report regarding the cheating scheme.  
22 Cordova staff delayed turning over the final incident report to the Bureau in order to provide time  
23 for the report's review and editing by Fortiss and its attorneys. As a result of Cordova's delay in  
24 providing the final incident report to the Bureau, the Bureau mailed a Letter of Warning to  
25 Cordova's Designated Agent, Mr. Vasey, on January 7, 2015.

26 15. During a Commission meeting held on October 20, 2016, Commissioner's questioned  
27 Mr. Vasey regarding Cordova's delay in January, 2015, with providing the Bureau its final  
28 incident report regarding the dealer cheating scheme. The questions asked and answered

1 regarding the reasons for Fortiss' review of the final incident report during this Commission  
2 meeting included the following:

3 *Commissioner Conklin:* When you say litigation you are concerned  
4 about the former employee suing?

5 *Mr. Vasey:* Correct, there is litigation going on today. That's exactly  
6 why we were concerned about this.

7 *Commissioner Conklin:* So the only issue is that Fortiss reviewed and  
8 that Fortiss' attorney reviewed and this incident had to do with HR  
9 issues.

10 *Mr. Vasey:* HR, there could be criminal things if this had gone to a  
11 criminal court. Mr. Park is going to be the one to defend it and so we  
12 want to make sure Mr. Park is not put in jeopardy for any type of  
13 information that's heard over as evidence. It has to do with accuracy.

14 16. The Bureau conducted a comprehensive investigation of the 2014 incident regarding  
15 the dealer cheating scheme at Cordova. At the investigation's conclusion Bureau staff forwarded  
16 the case to the Sacramento District Attorney's Office for charges against the involved patron and  
17 dealers. However, the Sacramento District Attorney's Office declined to file charges because the  
18 Fortiss attorney had reviewed/edited the final incident report and witness/employee statements.

19 17. The litigation support provision in Fortiss' current agreement with Knighted appears  
20 to continue to authorize Fortiss and its attorneys to review and possibly edit documents prepared  
21 by Knighted staff regarding its TPPPS operations at the Parkwest Casinos, including Fortiss'  
22 review and possible editing of incident reports.

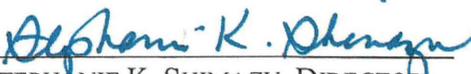
23 18. The treasurer of Fortiss, Tom Chan (Mr. Chan) has signature authority on Knighted's  
24 payroll and operating accounts. Mr. Chan also has signature authority on the business account for  
25 Majesty Partners, LLC; a TPPPS partially owned by Knighted. Both Fortiss and Knighted use  
26 the same external CPA firm—Meloni, Hribal, & Tratner LLP—to prepare their annual financial  
27 statements.

28 19. Knighted has contracts with five of Mr. Park's six Parkwest Casinos to provide  
TPPPS. These gambling establishments are Cordova, Sonoma, Lotus, Lodi, and Casino 580.



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Dated: September 14, 2020

  
STEPHANIE K. SHIMAZU, DIRECTOR  
Bureau of Gambling Control  
California Department of Justice

1 APPENDIX A

2 JURISDICTION AND PROCEDURE

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

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

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

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

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

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

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

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

26 The commission shall have all powers necessary and proper to  
27 enable it fully and effectually to carry out the policies and purposes of  
28 this chapter,<sup>[1]</sup> including, without limitation, the power to do all of the  
following:

\*\*\*

23 (b) For any cause deemed reasonable by the commission, deny  
24 any application for a license, permit, or approval provided for in this  
25 chapter or regulations adopted pursuant to this chapter, limit,  
26 condition, or restrict any license, permit, or approval, or impose any  
27 fine upon any person licensed or approved. The commission may  
28 condition, restrict, discipline, or take action against the license of an  
individual owner endorsed on the license certificate of the gambling

<sup>1</sup> Hereinafter, “chapter” refers to Business and Professions Code, division 8, chapter 5,  
(commencing with section 19800), also known as the Gambling Control Act.

1 enterprise whether or not the commission takes action against the  
2 license of the gambling enterprise.

3 \* \* \*

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

7 4. Business and Professions Code, section 19853, subdivision (a), provides:

8 The commission, by regulation or order, may require that the  
9 following persons register with the commission, apply for a finding of  
10 suitability as defined in subdivision (i) of 19805, or apply for a  
11 gambling license:

12 \* \* \*

13 (3) Any person who does business on the premises of a  
14 licensed gambling establishment.

15 5. Business and Professions Code, section 19870 provides:

16 (a) The commission, after considering the recommendation of  
17 the chief<sup>[2]</sup> and any other testimony and written comments as may be  
18 presented at the meeting, or as may have been submitted in writing to  
19 the commission prior to the meeting, may either deny the application  
20 or grant a license to an applicant who it determines to be qualified to  
21 hold the license.

22 (b) When the commission grants an application for a license or  
23 approval, the commission may limit or place restrictions thereon as it  
24 may deem necessary in the public interest, consistent with the policies  
25 described in this chapter.

26 (c) When an application is denied, the commission shall  
27 prepare and file a detailed statement of its reasons for the denial.

28 (d) All proceedings at a meeting of the commission relating to  
a license application shall be recorded stenographically or by audio or  
video recording.

(e) 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.

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<sup>2</sup> "Chief" refers to the Director of the Bureau. (Bus. & Prof. Code, § 19805, subd. (d).)

1           6. Business and Professions Code, section 19871 provides:

2                   (a) The commission meeting described in Section 19870 shall  
3                   be conducted in accordance with regulations of the commission and as  
4                   follows:

5                           (1) Oral evidence shall be taken only upon oath or affirmation.

6                           (2) Each party shall have all of the following rights:

7                                   (A) To call and examine witnesses.

8                                   (B) To introduce exhibits relevant to the issues of  
9                                   the case.

10                                  (C) To cross-examine opposing witnesses on any  
11                                  matters relevant to the issues, even though the matter was  
12                                  not covered on direct examination.

13                                  (D) To impeach any witness, regardless of which  
14                                  party first called the witness to testify.

15                                  (E) To offer rebuttal evidence.

16                           (3) If the applicant does not testify in his or her own  
17                           behalf, he or she may be called and examined as if under cross-  
18                           examination.

19                           (4) The meeting need not be conducted according to  
20                           technical rules relating to evidence and witnesses. Any relevant  
21                           evidence may be considered, and is sufficient in itself to support  
22                           a finding, if it is the sort of evidence on which responsible  
23                           persons are accustomed to rely in the conduct of serious affairs,  
24                           regardless of the existence of any common law or statutory rule  
25                           that might make improper the admission of that evidence over  
26                           objection in a civil action.

27                   (b) Nothing in this section confers upon an applicant a right to  
28                   discovery of the department's<sup>3</sup> investigative reports or to require  
                 disclosure of any document or information the disclosure of which is  
                 otherwise prohibited by any other provision of this chapter.

                 7. California Code of Regulations, title 4, section 12054, subdivision (a)(2) provides:

                         (a) At a non-evidentiary hearing meeting, the Commission may  
                         take, but is not limited to taking, one of the following actions:

   \* \* \*

<sup>3</sup> "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd.  
(h).)

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(2) Elect to hold an evidentiary hearing in accordance with Section 12056 and, when for a renewal application, issue an interim renewal license pursuant to Section 12035. The Commission shall identify those issues for which it requires additional information or consideration related to the applicant's suitability.

8. California Code of Regulations, title 4, section 12056, subdivision (a) provides, in part:

If the Commission elects to hold an evidentiary hearing, the hearing will be conducted as a GCA hearing under Section 12060, unless the Executive Director or the Commission determines the hearing should be conducted as an APA hearing under Section 12058 . . . .

9. California Code of Regulations, title 4, section 12060, subdivision (b) provides:

When the Commission has elected to hold a GCA hearing, the Executive Director shall give notice to the applicant, pursuant to paragraph (2) subsection (c) of Section 12052, to the Office of the Attorney General, and to the Bureau no later than 60 calendar days in advance of the GCA hearing.

10. California Code of Regulations, title 4, section 12354, subdivision (a)(1) provides:

(a) An individual, if holding a valid work permit for any gambling enterprise, may immediately begin to work as an interim key employee provided that the individual submit the following to the Bureau within 10 days of hiring:

(1) An Application for Interim Key Employee License, BGC-035 (Rev. 07/17), which is attached in Appendix A to this chapter.

11. California Code of Regulations, title 4, section 12354, subdivision (c)(1) provides:

(c) Interim key employee license approvals are subject to the following conditions:

(1) An application package for an initial portable personal key employee license as required in subsection (c) of Section 12350 must be submitted to the Bureau within 30 days of assuming a key employee position.

1 12. California Code of Regulations, title 4, section 12354, subdivision (e)(1), provides:

2 (e) With ten day's advance written notice to the interim key  
3 employee and to the gambling enterprise, the Executive Director shall  
4 cancel the interim key employee license based upon the following:

5 (1) Evidence showing that the applicant has sustained  
6 any disqualifying criminal convictions...

7 13. California Code of Regulations, title 4, section 12355, subdivision (a)(1), provides:

8 (a) An application for a portable personal key employee license  
9 shall be denied by the Commission if any of the following applies:

10 (1) The Commission finds that the applicant is  
11 ineligible, unqualified, disqualified, or unsuitable pursuant to the  
12 criteria set forth in the Act or other applicable law or that  
13 granting the license would be inimical to public health, safety,  
14 welfare, or would undermine the public trust that gambling  
15 operations are free from criminal or dishonest elements.

16 **SPECIFIC STATUTORY PROVISIONS**

17 14. Business and Professions Code, section 19855 provides:

18 Except as otherwise provided by statute or regulation, every  
19 person who, by statute or regulation, is required to hold a state license  
20 shall obtain the license prior to engaging in the activity or occupying  
21 the position with respect to which the license is required. Every person  
22 who, by order of the commission, is required to apply for a gambling  
23 license or a finding of suitability shall file the application within 45  
24 calendar days after receipt of the order.

25 15. Business and Professions Code, section 19856 provides:

26 (a) Any person who the commission determines is qualified to  
27 receive a state license, having due consideration for the proper  
28 protection of the health, safety, and general welfare of the residents of  
the State of California and the declared policy of this state, may be  
issued a license. 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.

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

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16. Business and Professions Code, section 19857 provides:

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

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

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

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

17. Business and Professions Code section 19859 provides, in part:

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

(a) Failure of the applicant to clearly establish eligibility and qualification in accordance with this chapter.

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

\* \* \*

(d) Conviction of the applicant for any misdemeanor involving dishonesty or moral turpitude within the 10-year period immediately preceding the submission of the application, unless the applicant has been granted relief pursuant to Section 1203.4, 1203.4a, or 1203.45 of the Penal Code; provided, however, that the granting of relief pursuant to Section 1203.4, 1203.4a, or 1203.45 of the Penal Code shall not constitute a limitation on the discretion of the commission under Section 19856 or affect the applicant's burden under Section 19857.

18. Business and Professions Code section 19866 provides:

An applicant for licensing or for any approval or consent required by this chapter, shall make full and true disclosure of all information to the department and the commission as necessary to

1 carry out the policies of this state relating to licensing, registration,  
2 and control of gambling.

3 19. California Code of Regulations, title 4, section 12200.9, subdivision (a)(1)(D),  
4 provides:

5 (a) (1) Proposition player services must not be provided  
6 except pursuant to a written proposition player contract approved in  
7 advance by the Bureau. Provision of proposition player services by  
8 any person subject to registration or licensing under this chapter, or  
9 engagement of proposition player services by the holder of the state  
10 gambling license, without a contract as required by this section is a  
violation of this section. The Bureau must approve a proposition  
player contract only if all the following requirements have been  
satisfied:

11 \* \* \*

12 (D) The contract will not undermine  
13 public trust that the controlled gambling operations  
14 covered by the contract will be conducted honestly,  
15 by reason of the existence or perceived of any  
16 collusive arrangement between any party to the  
17 contract and the holder of a state gambling license,  
18 or otherwise.  
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