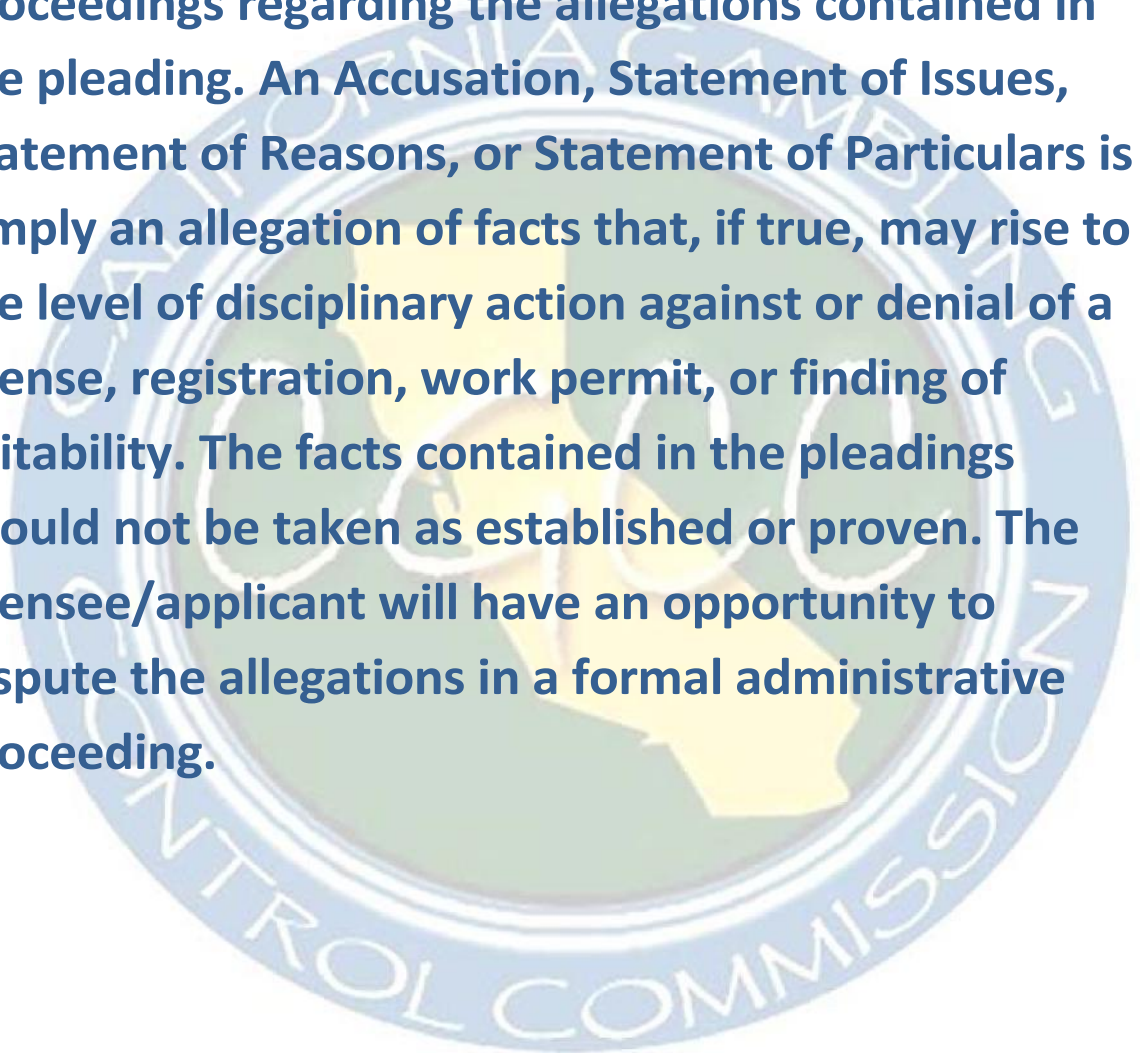


The Commission is providing a copy of this pleading (Accusation, or Statement of Reasons, Statement of Particulars, or Statement of Issues) so the public is as informed as possible of pending administrative proceedings regarding the allegations contained in the pleading. An Accusation, Statement of Issues, 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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1 ROB BONTA
Attorney General of California
2 T. MICHELLE LAIRD
Acting Senior Assistant Attorney General
3 BART E. HIGHTOWER
Deputy Attorney General
4 State Bar No. 207189
1300 I Street, Suite 125
5 P.O. Box 944255
Sacramento, CA 94244-2550
6 Telephone: (916) 210-6096
Fax: (916) 324-5567
7 E-mail: Bart.Hightower@doj.ca.gov
Attorneys for Complainant
8

9 **BEFORE THE**
10 **CALIFORNIA GAMBLING CONTROL COMMISSION**
11 **STATE OF CALIFORNIA**
12

13 **In the Matter of the Statement of Issues**
14 **Regarding the Conversion Applications of:**

15 **FORTUNE PLAYERS GROUP, INC.,**
Registration No. TPPP-000090,

16 **TRICIA PALMIANO CASTELLANOS,**
Registration No. TPOW-000380,

17 **REMIL REYES MEDINA,** Registration No.
18 TPOW-000381, and

19 **PHYLLIS REYES CUISON,** Registration No.
20 TPOW-000492

21 333 Gellert Boulevard, No. 226
Daly City, California 94015

22 **Respondents.**
23

BGC No. BGC-HQ2019-005SL

OAH No:

**FIRST AMENDED
STATEMENT OF ISSUES**

24 Complainant alleges as follows:

25 **PARTIES**

26 1. Yolanda Morrow (Complainant) brings this this First Amended Statement of
27 Issues solely in her official capacity as the Director, Department of Justice, Bureau of Gambling
28 Control (Bureau).

1 2. Respondent Fortune Players Group, Inc. (FPG), Registration No. TPPP-000090,
2 is registered as a third-party provider of proposition player services (third-party provider)
3 pursuant to the California Gambling Control Commission’s regulations (Cal. Code Regs., tit. 4,
4 § 12200 et seq.). FPG’s shareholders and officers are respondents Tricia Palmiano Castellanos
5 (Ms. Castellanos) (Registration No. TPOW-000380), Remil Reyes Medina (Remil Medina)
6 (Registration No. TPOW-000381), and Phyllis Reyes Cuison (Ms. Cuison) (Registration No.
7 TPOW-000492). Collectively, FPG, Ms. Castellanos, Remil Medina, and Ms. Cuison are
8 referred to in this statement of issues as “Respondents.”

9 **JURISDICTION**

10 3. The Gambling Control Act (Act) (Bus. & Prof. Code, § 19800 et seq.)¹ gives the
11 Commission jurisdiction over the operation and concentration of gambling establishments and
12 all persons and things having to do with operation of gambling establishments. (Bus. & Prof.
13 Code, § 19811, subd. (b).) The Commission has all powers necessary and proper to fully and
14 effectually carry out the policies and purposes of the Act including, without limitation, the
15 power to deny for any cause it deems reasonable any application for license or approval. (Bus.
16 & Prof. Code, § 19824, subd. (b).)

17 **THIS PROCEEDING**

18 4. Respondents applied to convert their registrations to licenses issued by the
19 Commission pursuant to its regulations. (Cal. Code Regs., tit. 4, § 12218.)

20 5. On or about July 10, 2018, the Bureau recommended to the Commission that it
21 deny Respondents’ applications to convert their registrations to licenses under the
22 Commission’s regulations.

23 6. At its regular meeting on November 1, 2018, the Commission referred the matter
24 of the conversion of Respondents’ registrations to licenses to an evidentiary hearing to be heard
25 by an administrative law judge pursuant to the Administrative Procedures Act (Gov. Code, §
26 11500 et seq.). (Bus. & Prof. Code, § 19825; Cal. Code Regs., tit. 4, § 12058.)

27
28 ¹ The statutes and regulations from the Act and the regulations adopted thereunder,
specifically applicable to this statement of issues, are quoted in pertinent part in Appendix A.

SUMMARY

1
2 7. The Act is an exercise of the police power of the State of California intended to
3 protect the public’s health, safety and welfare. It is to be liberally interpreted to effectuate that
4 purpose. (Bus. & Prof. Code, § 19971.) The Act requires strict and comprehensive regulation
5 of all persons, associations, and activities related to the operation of gambling establishments.
6 (Bus. & Prof. Code, § 19801, subd. (h).) The Legislature has declared that the public trust
7 requires comprehensive measures to ensure that gambling is free from criminal and corruptive
8 elements. (Bus. & Prof. Code, § 19801, subds. (g) & (j).) To effectuate this state policy,
9 unsuitable persons are not permitted to associate with gambling establishments. (Bus. & Prof.
10 Code, § 19801, subd. (k).) The Commission’s responsibilities include, without limitation:
11 “Assuring that there is no material involvement, directly or indirectly, with a licensed gambling
12 operation, or the ownership or management thereof, by unqualified or disqualified persons . . .
13 .” (Bus. & Prof. Code, § 19823, subd. (a)(2).)

14 8. The Act requires full and true disclosure by applicants “as necessary to carry out
15 the policies of this state relating to licensing, registration, and control of gambling.” (Bus. &
16 Prof. Code, § 19866.) Without disclosure, the Commission cannot assure that “there is no
17 material involvement, directly or indirectly, with a licensed gambling operation, or the
18 ownership or management thereof, by unqualified or disqualified persons.” (Bus. & Prof. Code,
19 § 19823, subd. (a)(2).) An applicant’s failure to submit information, documentation, and/or
20 assurances required by the Act or requested by the Bureau, an applicant’s failure to reveal
21 information material to qualification for licensure, or an applicant’s supplying of untrue or
22 misleading information pertaining to the qualification for licensure likewise renders an
23 applicant disqualified for licensure. (Bus. & Prof. Code, § 19859, subd. (b).) These failures
24 also make an applicant unqualified for licensure. (Bus. & Prof. Code, § 19857.)

25 9. California proscribes, among other things, banked games. (Pen. Code, § 330.)
26 As a consequence of this proscription, the card room industry has developed certain games,
27 known as “California Games,” that feature a player-dealer position that must be systematically
28 and continuously rotated amongst the participants and must preclude maintenance, or operation,

1 of a bank. (Pen. Code, § 330.11.) Third-party providers provide services under contracts with
2 card rooms with respect to California Games. (Bus. & Prof. Code, § 19984.) Each contract
3 must be approved in advance by the Bureau. (Bus. & Prof. Code, § 19984, subd. (a); Cal. Code
4 Regs., tit. 4, § 12200.9, subd. (a)(1).) The Commission has established criteria for, and requires
5 licensure and registration of, third-party providers and their owners, managers, players, and
6 certain other persons. (Cal. Code Regs., tit. 4, § 12200 et seq.)

7 10. In this proceeding, Complainant requests denial of Respondents' applications to
8 convert their third-party provider registrations to licenses because Respondents, and each of
9 them, is unqualified for, and disqualified from, licensing under the Act and the regulations
10 adopted by the Commission. As provided by the Act, Complainant also seeks the costs of
11 investigating and prosecuting this matter.

12 **BURDEN OF PROOF**

13 11. Each Respondent has the burden to prove that he, she, or it is qualified to be
14 issued a license. (Bus. & Prof. Code, § 19856, subd. (a); see also Gov. Code, § 11504.)

15 **FPG HISTORY AND BUSINESS INTERCONNECTIONS**

16 12. FPG was incorporated on February 3, 2010. Its first shareholders were Remil
17 Medina and Ms. Castellanos, each of whom paid \$90 per share in July 2010. Approximately 60
18 days after her initial investment, Ms. Castellanos sold one-half of her shares to her sister at \$90
19 per share. Approximately 17 months later, Ms. Castellanos purchased those shares back from
20 her sister, paying \$146.67 per share. Approximately 11 months later, Ms. Castellano sold
21 shares to Ms. Cuison at \$112 per share.

22 13. FPG began providing third-party provider services to Lucky Chances Casino
23 (Casino), a 60-table card room located in Colma, California, in July 2010. The Casino's
24 corporate owner's only shareholders are Rommel Medina and Ruell Medina, who are Remil
25 Medina's brothers and cousins to Ms. Castellanos and Ms. Cuison. FPG does not provide third-
26 party services to any other card room. The Bureau approved FPG's contract, and contract
27 renewals, to provide third-party provider services to the Casino. FPG pays more than \$350,000
28 per month to the Casino under the current Bureau-approved contract.

1 14. Respondents have interests in, or have engaged in transactions with, several
2 inter-connected business entities and have engaged in transactions with each other. These
3 interests and transactions include, among others, the following:

4 a. FPG paid more than \$500,000 to a company owned jointly by Remil
5 Medina and his brothers in 2016 and 2017. That company also provides services to the
6 Casino. As set forth above, Remil Medina's brothers own all shares of stock issued by
7 the Casino's corporate owner.

8 b. FPG maintains a bank account at a national bank in which the Casino
9 corporate owner's shareholders – Remil Medina's brothers – have a majority interest.

10 c. Ms. Castellanos owns a shareholder interest in a Philippine company that
11 is a money remittance delivery agent of funds from the United States, Canada, and other
12 countries to Manila, Philippines. Ms. Cuison is that company's chief financial officer.
13 That company is also the payment agent for, and delivers funds received from, a money
14 remittance corporation owned by Remil Medina and his brothers.

15 d. Ms. Castellanos and Remil Medina each own 50 percent of a newspaper
16 in San Francisco.

17 e. A loan from Ms. Cuison financed Remil Medina's investment in FPG.

18 f. As stated above, Remil Medina owns shares of stock in a money
19 remittance corporation along with his brothers. Ms. Cuison is the chief financial officer
20 of that money remittance corporation. Remil Medina's father loaned him and his
21 brothers monies for the purchase. Remil Medina's brothers have advanced monies on
22 his behalf to make payments on the loan.

23 g. Ms. Cuison is the chief financial officer of a corporation providing
24 advertising services to the Casino. That corporation is owned by Remil Medina's
25 brothers.

26 h. Ms. Cuison is the chief financial officer or a director for four other
27 businesses owned by Remil Medina's brothers.
28

1 i. In addition to and while performing duties for FPG, its office manager
2 provided services to, performed duties for, and worked for other businesses owned
3 Remil Medina and/or his brothers.

4 **FIRST CAUSE FOR DENIAL**

5 **(All Respondents – Involvement by an Unlicensed, Disqualified Person)**

6 15. Respondents are ineligible and unqualified for licensing because they allowed an
7 unlicensed, disqualified person to be involved in their management and operations. The
8 unlicensed, disqualified person was Rene Medina, who is Remil Medina’s father and the uncle
9 of Ms. Castellanos and Ms. Cuison. Rene Medina is disqualified from licensure under the Act
10 because in 2008, he was convicted of three federal felony tax evasion counts based, in part, on
11 falsifying records relating to the Casino’s business and operations. Rene Medina’s involvement
12 in FPG was shown by, among other things, the following:

13 a. On October 15, 2015, the Bureau conducted an unannounced site visit at
14 FPG’s business offices. During the site visit, the Bureau found multiple entries in day
15 planners used by FPG’s office manager and in text messages on her cell phone that
16 showed that Rene Medina was involved in FPG’s day-to-day operations. In addition to
17 these documents, during a recorded interview conducted by the Bureau’s agents, FPG’s
18 office manager confirmed, among other things, that Rene Medina was involved in FPG’s
19 hiring decisions, approved salary increases and adjustments for FPG’s employees,
20 authorized how things should be done at FPG, and gave final approval to FPG’s actions.
21 FPG’s office manager stated that she sent materials to Rene Medina because she was
22 told to do so by FPG’s owners.

23 b. In *Department of Fair Employment and Housing v. Fortune Players*
24 *Group, Inc.*, (DEFH Litigation), judgment was entered against FPG for \$34,477 plus
25 attorney fees in the amount of \$341,040 and costs in the amount of \$56,656.90. The
26 judgment was affirmed on appeal. The DEFH Litigation found, among other things, that
27 Rene Medina was involved in the operation, management, and control of FPG. Because
28 he was an authorized agent, his statements were admissible against, and binding on,

1 FPG. The Court of Appeals' unpublished opinion affirming judgment against FPG is
2 Exhibit 1 to this statement of issues.

3 c. During an administrative proceeding involving the Casino, its corporate
4 owner, and shareholders, Remil Medina's brother agreed that Ms. Cuison has "been a
5 trusted business partner, basically, of your dad [Rene Medina] for many, many years."
6 Ms. Cuison has made loans to Rene Medina that he repaid.

7 (Bus. & Prof. Code, §§ 19823, 19856, 19857, 19859, subds. (a), (b), (c)(1); Cal. Code Regs., tit.
8 4, § 12218.11, subds. (e) & (f).)

9 **SECOND CAUSE FOR DENIAL**

10 **(All Respondents – Failure to Make Full and True Disclosure)**

11 16. Respondents are ineligible for, unqualified for, and disqualified from licensing
12 because they failed to make full and true disclosure of Rene Medina's involvement in FPG's
13 management, operations, and control as follows:

14 a. Prior to the Bureau's October 15, 2015 unannounced site visit, none of
15 the Respondents reported, or otherwise disclosed, Rene Medina's involvement in FPG's
16 management and operations.

17 b. At the Commission's November 1, 2018 meeting when responding to
18 questions from the Commissioners, Respondents' designated agent stated that Rene
19 Medina was not the decider, or a person accused of discrimination, with respect to the
20 actions upon which the DEFH Litigation was based. This was untrue or misleading, and
21 Rene Medina's involvement in FPG's management and operations was a material fact
22 pertaining to qualification.

23 (Bus. & Prof. Code, §§ 19856, 19857, 19859, subd. (b), 19866; Cal. Code Regs., tit. 4, §
24 12218.11, subds. (e) & (f).)

1 **THIRD CAUSE FOR DENIAL**

2 **(All Respondents – Failure to Comply with Regulations)**

3 17. Respondents are ineligible and unqualified for licensing because they failed to
4 comply with regulations adopted by the Commission. The failure to comply includes, among
5 other things, the following:

6 a. Respondents failed to have FPG’s office manager apply for and obtain
7 registration. The office manager’s duties included regularly entering the Casino to
8 collect administrative documents. She regularly entered the Casino, but had not been
9 issued a badge by the Commission.

10 b. FPG made payments to the Casino that were not included in the Bureau-
11 approved contract. Specifically, FPG paid monies in December 2010 to the Casino
12 without applying for or obtaining prior Bureau approval. FPG and the Casino agreed to
13 delay substantial monthly payments that were included in the Bureau-approved contract.
14 FPG did not apply for or obtain prior Bureau approval delaying more than \$300,000 in
15 monthly payments.

16 (Bus. & Prof. Code, §§ 19856, 19857, subs. (a) & (b), 19984; Cal. Code Regs., tit. 4, §§
17 12200.3, subd. (a), 12200.7, subs. (b)(8), (b)(14), (b)(21), 12218.11, subs. (e) & (i).)

18 **FOURTH CAUSE FOR DENIAL**

19 **(All Respondents – Threat to Effective Regulation and Control of Controlled Gambling)**

20 18. Respondents are ineligible and unqualified for licensing because their prior
21 activities and associations pose a threat to the effective regulation and control of controlled
22 gambling and enhance the dangers of unsuitable or illegal practices and activities in carrying on
23 business and financial arrangements incidental to controlled gambling. Those activities and
24 associations include, among other things, inter-connected financial arrangements and dealings,
25 associations with Rene Medina and allowing his involvement in FPG’s operation, and
26 associations and dealings with businesses owned by the Casino’s shareholders.

27 (Bus. & Prof. Code, §§ 19823, 19856, 19857; Cal. Code Regs., tit. 4, § 12218.11, subd. (e).)
28

1 **FIFTH CAUSE FOR DENIAL**

2 **(Ms. Castellanos – Failure to Comply with Regulations)**

3 19. Ms. Castellanos is ineligible and unqualified for licensing for failing to comply
4 with regulations adopted by the Commission. Her failure to comply includes, among other
5 things, the following:

6 a. On October 29, 2008, Ms. Castellanos became a shareholder of Wager
7 Master, Inc. (WMI), which provided third-party provider services to the Casino at the
8 time. Ms. Castellanos, however, did not become registered as an owner as required by
9 the Commission’s regulations until November 9, 2009 – more than one year after
10 acquiring her shareholder interest. Instead, approximately five months after acquiring
11 her ownership interest, Ms. Castellanos applied for registration as a player – the lowest
12 level of registration for a person affiliated with a third-party provider. Approximately
13 four months later, Ms. Castellanos submitted an owner application. In February 2010,
14 Ms. Castellanos became the sole shareholder of WMI.

15 b. Between May 2010 and July 2010, WMI provided third-party provider
16 services to the Casino without a Bureau-approved contract. In October 2010, Ms.
17 Castellanos filed a certificate of dissolution for WMI.

18 (Bus. & Prof. Code, §§ 19856, 19857, 19984; Cal. Code Regs., tit. 4, §§ 12200.7, subd. (b)(8),
19 12200.9, subd. (a)(1), 12201, subd. (d), 12218.11, subds. (e) & (i).)

20 **SIXTH CAUSE FOR DENIAL**

21 **(Remil Medina – Conviction of Crime Involving Moral Turpitude)**

22 20. On October 28, 2002, Remil Medina was convicted of a misdemeanor offense
23 considered to be a crime of moral turpitude. (Pen. Code, § 646.9, subd. (a) [stalking].) The
24 conviction eventually was dismissed pursuant to Penal Code section 1203.4. The underlying
25 facts of the conviction and Remil Medina’s statements to the Bureau regarding those facts
26 demonstrate that he is ineligible and unqualified for licensing.

27 (Bus. & Prof. Code, §§ 19856, 19857, subds. (a) & (b); Cal. Code Regs., tit. 4, § 12218.11,
28 subd. (e).)

1 **SEVENTH CAUSE FOR DENIAL**

2 **(Ms. Cuison – Failure to Make Full and True Disclosure)**

3 21. Ms. Cuison is ineligible for, unqualified for, and disqualified from licensing
4 because she failed to make full and true disclosure of the following, among other things:

5 a. On March 8, 2006, the United States indicted Ms. Cuison, along with
6 others including Rene Medina, for conspiracy, tax evasion, making and subscribing false
7 tax returns, and aiding and assisting in the preparation of false tax returns. On May 17,
8 2006, the United States filed a superseding indictment removing the charge of aiding
9 and assisting in the preparation of false tax returns. The United States dismissed all
10 charges against Ms. Cuison on October 30, 2008. Ms. Cuison failed to disclose the
11 indictment to the Bureau in her application and supplemental information submission.

12 b. Before purchasing shares in FPG, Ms. Cuison was a consultant for FPG.
13 Earlier, she was consultant for WMI. Ms. Cuison was not registered as a third-party
14 provider other employee. Ms. Cuison did not disclose these consultancies in her
15 application or supplemental information submission.

16 c. In connection with her application, Ms. Cuison failed to disclose familial
17 relationships, including those with Remil Medina and his brothers, in her application or
18 supplemental information submission.

19 (Bus. & Prof. Code, §§ 19856, 19857, subds. (a) & (b), 19859, subd. (b), 19866; Cal. Code
20 Regs., tit. 4, §§ 12218.11, subds. (e) & (f).)

21 **COST RECOVERY**

22 22. In the event the administrative law judge recommends that Respondent's and its
23 owners' applications for licensure be denied, Respondent and its owners may, upon the
24 presentation of suitable proof by the Bureau, be ordered to pay the Bureau the reasonable costs
25 of prosecution and enforcement of the case. Costs include both the investigation by the Bureau,
26 and the preparation and prosecution of the case by the Office of the Attorney General. (Bus. &
27 Prof. Code, § 19930, subds. (d) & (f).)

28

PRAYER

WHEREFORE, Complainant requests that following the hearing to be held on the matters herein alleged a decision be issued:

1. Denying the application for conversion from registration to licensing of respondent Fortune Players Group, Inc., Registration No. TPPP-000090;

2. Denying the application for conversion from registration to licensing of respondent Tricia Palmiano Castellanos, Registration No. TPOW-000380;


3. Denying the application for conversion from registration to licensing of respondent Remil Reyes Medina, Registration No. TPOW-000381;

4. Denying the application for conversion from registration to licensing of respondent Phyllis Reyes Cuison, Registration No. TPOW-000492;

5. Requiring Respondents, jointly and severally, to reimburse the Bureau the reasonable costs of investigating and prosecuting this case, pursuant to Business and Professions Code, section 19930, subdivision (d); and

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

Dated: April 22, 2024



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

1 **APPENDIX A**

2 1. Business and Professions Code, section 19801, provides, in pertinent part:

3 * * *

4 (g) Public trust that permissible gambling will not endanger public
5 health, safety, or welfare requires comprehensive measures be enacted to
6 ensure that gambling is free from criminal and corruptive elements, that it
is conducted honestly and competitively, and that it is conducted in suitable
locations.

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

10 * * *

11 (j) To ensure that gambling is conducted honestly, competitively,
12 and free of criminal and corruptive elements, all licensed gambling
13 establishments in this state must remain open to the general public and the
14 access of the general public to licensed gambling activities must not be
restricted in any manner, except as provided by the Legislature. However,
subject to state and federal prohibitions against discrimination, nothing
15 herein shall be construed to preclude exclusion of unsuitable persons from
licensed gambling establishments in the exercise of reasonable business
16 judgment.

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

22 * * *

23 (n) Records and reports of cash and credit transactions involving
24 gambling establishments may have a high degree of usefulness in criminal
and regulatory investigations and, therefore, licensed gambling operators
may be required to keep records and make reports concerning significant
cash and credit transactions.

25 2. Business and Professions Code, section 19811, subdivision (b), provides:

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

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3. Business and Professions Code, section 19823, provides:

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

(1) Assuring that licenses, approvals, and permits are not issued to, or held 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.

(2) Assuring that there is no material involvement, directly or indirectly, with a licensed gambling operation, or the ownership or 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.

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

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

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

* * *

(b) For any cause deemed reasonable by the commission, deny any application for a license, permit, or approval provided for in this chapter or regulations adopted pursuant to this chapter, limit, condition, or restrict any license, permit, or approval, or impose any fine upon any person licensed or approved. The commission may condition, restrict, discipline, or take action against the license of an individual owner endorsed on the license certificate of the gambling enterprise whether or not the commission takes action against the license of the gambling enterprise.

* * *

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

5. Business and Professions Code, section 19825, provides:

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

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

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

(b) An application to receive a license constitutes a request for a determination of the applicant's general character, integrity, and ability to participate in, engage in, or be associated with controlled gambling.

(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.

7. Business and Professions Code section 19857, subdivisions (a) and (b), provide:

No gambling license shall be issued unless, based on all 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.

8. Business and Professions Code, section 19859, subdivisions (a), (b), and (c)(1), provide:

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.

(c)(1) [C]onviction of a felony, including a conviction by a federal court or a court in another state for a crime that would constitute a felony if committed in California.

1 9. Business and Professions Code section 19866, provides:

2 An applicant for licensing or for any approval or consent required by
3 this chapter, shall make full and true disclosure of all information to the
4 department and the commission as necessary to carry out the policies of
this state relating to licensing, registration, and control of gambling.

5 10. Business and Professions Code section 19930, subdivisions (b), (d) and (f), provide
6 in pertinent part:

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

10 * * *

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

14 * * *

15 (f) For purposes of this section, “costs” include costs incurred for
16 any of the following:

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

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

19 11. Business and Professions Code section 19971 provides:

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

22 12. Business and Professions Code section 19984 provides in pertinent part:

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

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

1 (b) The commission shall establish reasonable criteria for, and
2 require the licensure and registration of, any person or entity that provides
3 proposition player services at gambling establishments pursuant to this
4 section, including owners, supervisors, and players. Those employed by a
5 third-party provider of proposition player services, including owners,
6 supervisors, observers, and players, shall wear a badge that clearly
7 identifies them as proposition players whenever they are present within a
8 gambling establishment. The commission may impose licensing
9 requirements, disclosures, approvals, conditions, or limitations as it deems
10 necessary to protect the integrity of controlled gambling in this state

11 13. California Code of Regulations, title 4, section 12058, provides:

12 (a) When the Commission elects to hold an APA hearing the
13 Commission shall determine whether the APA hearing will be held before
14 an Administrative Law Judge sitting on behalf of the Commission or before
15 the Commission itself with an Administrative Law Judge presiding in
16 accordance with Government Code section 11512. Notice of the APA
17 hearing shall be provided to the applicant pursuant to Government Code
18 section 11500 et seq.

19 (b) The burden of proof is on the applicant to prove his, her, or its
20 qualifications to receive any license or other approval under the Act.

21 (c) A Statement of Issues shall be prepared and filed according to
22 Government Code section 11504 by the complainant.

23 (d) At the conclusion of the evidentiary hearing, when the
24 Commission is hearing the matter, the members of the Commission shall
25 take the matter under submission, may discuss the matter in a closed
26 session meeting, may leave the administrative record open in order to
27 receive additional evidence as specified by the Commission, and may
28 schedule future closed session meetings for deliberation.

(e) The evidentiary hearing shall proceed as indicated in the notice,
unless and until the Executive Director or Commission approves
cancellation or a continuance.

14. California Code of Regulations, title 4, section 12200.3, subdivision (a) provides:

(a) All individuals licensed or registered as primary owners,
owners, supervisors, players, or other employees of the primary owner
shall wear in a prominently visible location a numbered badge issued by
the Commission when present in a gambling establishment during the
provision of proposition player services under the proposition player
contract that covers the licensee or registrant.

1 15. California Code of Regulations, title 4, section 12200.7 provides in relevant part:

2 (b) Each proposition player contract must specifically require all of
3 the following to be separately set forth at the beginning of the contract in
4 the following order:

5 ***

6 (8) That proposition player services shall be provided in the
7 gambling establishment only in compliance with laws and regulations
8 pertaining to controlled gambling.

9 ***

10 (14) A full disclosure of any financial arrangements entered
11 into during the term of the contract for any purpose between the
12 house and any registrant or licensee covered by the proposition player
13 contract. If there is no financial consideration that passes under the
14 contract, a statement to that effect shall be included.

15 ***

16 (21) That the contract is a complete expression of all
17 agreements and financial arrangements between the parties; that any
18 addition to or modification of the contract, including any
19 supplementary written or oral agreements, must be approved in
20 advance by the Bureau . . . before the addition or modification takes
21 effect.

22 16. California Code of Regulations, title 4, section 12200.9, subdivision (a)(1),
23 provides in relevant part:

24 (a)(1) Proposition player services must not be provided except
25 pursuant to a written proposition player contract approved in advance by
26 the Bureau. Provision of proposition player services by any person subject
27 to registration or licensing under this chapter, or engagement of proposition
28 player services by the holder of a state gambling license, without a contract
as required by this section is a violation of this section. . . .

17. California Code of Regulations, title 4, section 12201, subdivision (d),
provides:

(d) If a primary owner is a corporation, partnership, or other
business entity, each owner, and individual having a relationship to that
entity specified in Business and Professions Code section 19852,
subdivisions (a) through (i), inclusive, must individually apply for and
obtain registration as an owner listed on the business entity's registration
certificate. No business entity or sole proprietor can be registered under
this chapter that is also licensed under the Act to operate a gambling
establishment.

1 18. California Code of Regulations, title 4, section 12218.11 provides in
2 relevant part:

3 A requester shall be ineligible for licensing for any of the following
4 causes:

5 ***

6 (e) The requester has failed to meet the requirements of Business
7 and Professions Code sections 19856 or 19857.

8 (f) The requester would be ineligible for a state gambling license
9 under any of the criteria set forth in Business and Professions Code section
10 19859, subdivisions (b), (e), or (f).

11 ***

12 (i) The requester has failed to comply with one or more of the
13 requirements set forth in paragraphs (8), (9), (15), (16), (17), (18) or (21) of
14 subsection (b) of Section 12200.7 or in paragraph (2) of subsection (c) of
15 Section 12200.7.

16 19. Penal Code section 330 provides in relevant part:

17 Every person who deals, plays, or carries on, opens, or causes to be
18 opened, or who conducts, either as owner or employee, whether for hire or
19 not, . . . any banking or percentage game played with cards, dice, or any
20 device, for money, checks, credit, or any other representative of value, and
21 every person who plays or bets at or against any of those prohibited games,
22 is guilty of a misdemeanor

23 20. Penal Code section 330.11 provides in relevant part:

24 “Banking game” or “banked game” does not include a controlled
25 game if the published rules of the game feature a player-dealer position and
26 provide that this position must be continuously and systematically rotated
27 amongst each of the participants during the play of the game, ensure that
28 the player-dealer is able to win or lose only a fixed or 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. . . .