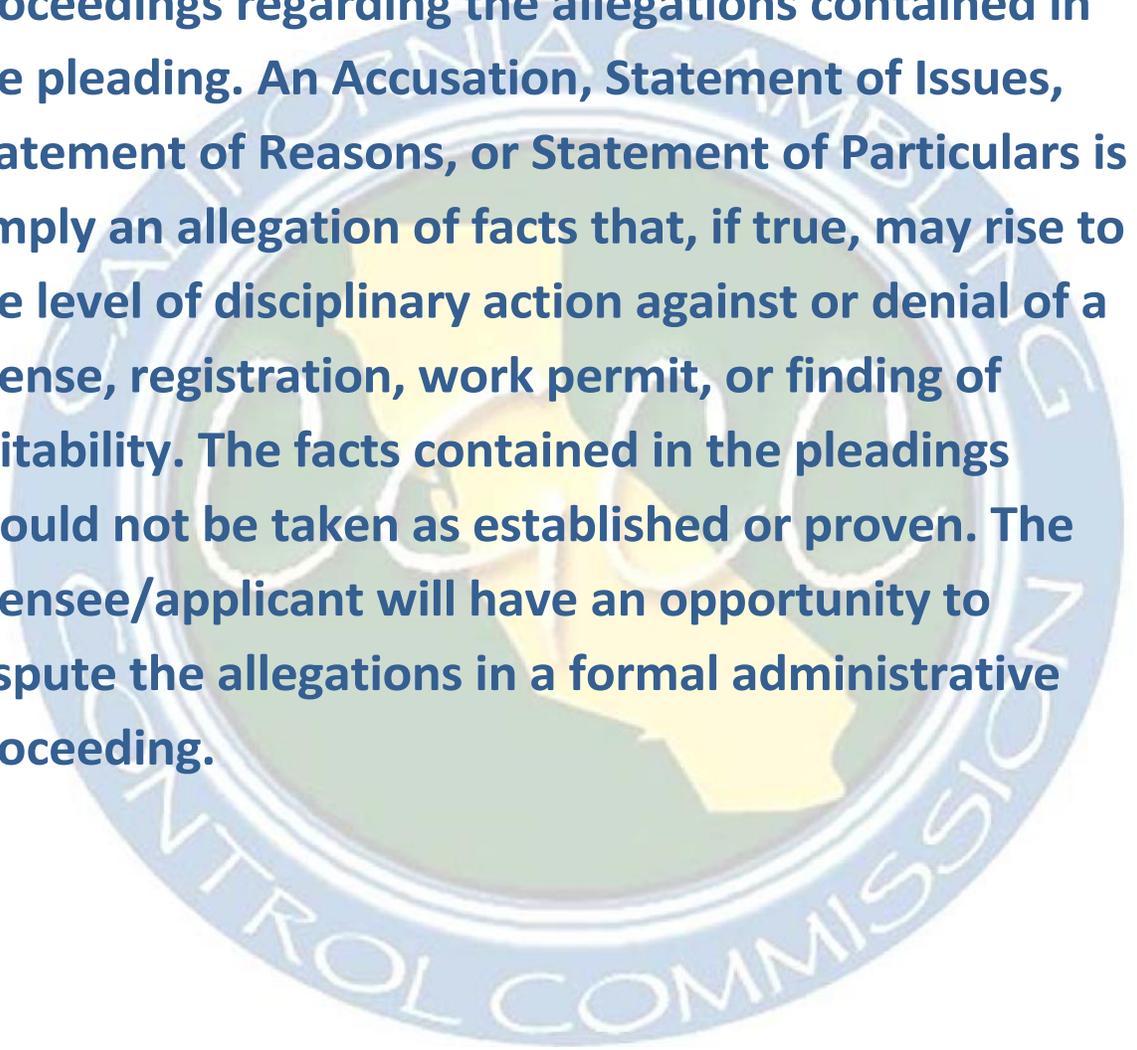


The Commission is providing a copy of this pleading (Accusation, or Statement of Reasons, Statement of Particulars, or Statement of Issues) so the public is as informed as possible of pending administrative proceedings regarding the allegations contained in the pleading. An Accusation, Statement of Issues, 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 Statement of Reasons for  
Denial of Application for Renewal of Key  
Employee License for:  
  
**VA PHONG**  
**License Number GEKE-001287**  
  
**Respondent.**

CGCC Case No. CGCC-2020-0312-9  
BGC Case No. BGC-HQ2019-00002AC  
  
**STATEMENT OF REASONS**  
  
Hearing Date: TBD  
  
Place: 2399 Gateway Oaks, Suite 100  
Sacramento, CA 95833

Complainant alleges as follows:

**PARTIES**

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



1 not issued to unqualified or disqualified persons and that no unqualified or disqualified person is  
2 materially involved with a licensed gambling operation. (Bus. & Prof. Code, § 19823, subd. (a).)  
3 The Commission has all powers necessary and proper to carry out the Act's policies and  
4 purposes, including the powers to discipline licensees and to take actions to ensure that no  
5 ineligible, unqualified, disqualified, or unsuitable persons are associated with controlled gambling  
6 activities. (Bus. & Prof. Code, § 19824, subds. (b) & (d).)

7 8. Respondent has the burden of proving that he is suitable for licensure and qualified to  
8 have his key employee license renewed. (Bus. & Prof. Code, § 19856, subd. (a).)

9 **FIRST CAUSE FOR DENIAL**

10 **(Participating in or Facilitating Violations of Penal Code section 337j and/or Bus. & Prof.  
11 Code section 19984, subd. (a) – Interest in Funds Wagered)**

12 9. Respondent's Renewal Application is subject to denial because one or more times in  
13 and prior to March 2018, Respondent played one or more controlled games<sup>2</sup> with the Casino's  
14 money while working in his capacity as a key employee. The Bureau is informed and believes  
15 that Respondent supervised or directed other Casino employees to do the same. Respondent  
16 caused the Casino to have an interest in funds wagered in controlled games it carried on and  
17 offered for play, in violation of Penal Code section 337j, subdivision (a)(2), and Business and  
18 Professions Code section 19984, subdivision (a). Respondent also caused the Casino to stake  
19 games in violation of Penal Code section 337a, subdivision (a)(3). The Casino staked employees  
20 with its money to play in poker games. The Casino would then recover the stakes it put at risk, as  
21 well as all the employees' winnings, if employees won. The Casino would absorb all the losses  
22 of its stakes if the employees lost in playing the poker games. Losses of Casino money by  
23 Respondent and other Casino employees were recorded on the Casino's books as "house win"  
24 and wins with Casino money were reported as revenue. In addition to violating these provisions  
25 himself, Respondent caused the Casino to violate these code sections.

26 <sup>2</sup> "Controlled game' means any controlled game, as defined in subdivision (e) of Section  
27 337j of the Penal Code." (Bus. & Prof. Code, § 19805, subd. (g).) Penal Code section 337j,  
28 subdivision (e)(1), provides in pertinent part that "[a]s used in this section 'controlled game'  
means any poker or Pai Gow game, and any other game played with cards or tiles, or both, and  
approved by the Department of Justice . . . ."

1 (Bus. & Prof. Code, §§ 19801, subds. (h), (i), & (k), 19856, 19857, 19859, subd. (a), 19920,  
2 19971, 19984, subd. (a); Pen. Code, §§ 337a, subd. (a)(3), 337j, subd. (a)(2); Cal. Code Regs., tit.  
3 4, § 12568, subd. (c)(3) & (4).)

4 **SECOND CAUSE FOR DENIAL**

5 **(Failure to Remain on Premises as Key Employee)**

6 10. Respondent's Renewal Application is subject to denial because on August 10, 2016,  
7 and again on August 30, 2017, Bureau staff visited the Casino and found no key employee on site  
8 as required. Respondent appeared on site at the Casino only after Bureau staff inquired regarding  
9 a key employee. Respondent's absence from the Casino violated California Code of Regulation,  
10 title 11, section 2050, subdivision (a) (Section 2050), requiring "[a] gambling establishment [to]  
11 have on the premises, at all times that the establishment is open to the public, an owner licensee  
12 or a key employee who shall have the responsibility and authority to ensure immediate  
13 compliance with the Act and these regulations." By leaving the premises and only returning after  
14 Bureau staff inquired regarding a key employee, Respondent violated, and caused the Casino to  
15 violate, Section 2050.

16 (Bus. & Prof. Code, §§ 19801, subds. (h), (i), & (k), 19856, 19857, 19859, subd. (a), 19920,  
17 19922, 19971; Cal. Code Regs., tit. 4, § 12568, subd. (c)(3) & (4); Cal. Code Regs., tit. 11, §  
18 2050.)

19 **THIRD CAUSE FOR DENIAL**

20 **(Violation of Minimum Internal Control Standards – Failure to Provide Requested Video  
21 Surveillance Recordings)**

22 11. Respondent's Renewal Application is subject to denial, because in March 2018,  
23 Bureau staff requested video surveillance recordings for the Casino from Respondent.  
24 Respondent was initially unable to provide the requested video surveillance recordings. He later  
25 provided Bureau staff surveillance recordings that were not responsive to the request. Responsive  
26 surveillance recordings were never provided to the Bureau. This impeded and interfered the  
27 Bureau and its employees in performing their duties.





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**APPENDIX A**  
**JURISDICTION**

1. Business and Professions Code section 19805 provides, in part:

(d) “Chief” means the head of the entity within the department that is responsible for fulfilling the obligations imposed upon the department by this chapter.

\* \* \*

(g) “Controlled game” means any controlled game, as defined by subdivision (e) of Section 337j of the Penal Code.

(h) “Department” means the Department of Justice.

\* \* \*

(n) “Gambling enterprise employee” means any natural person employed in the operation of a gambling enterprise, including, without limitation, dealers, floor personnel, security employees, countroom personnel, cage personnel, collection personnel, surveillance personnel, data-processing personnel, appropriate maintenance personnel, waiters and waitresses, and secretaries, or any other natural person whose employment duties require or authorize access to restricted gambling establishment areas.

\* \* \*

(x) “Key employee” means any natural person employed in the operation of a gambling enterprise in a supervisory capacity or empowered to make discretionary decisions that regulate gambling operations, including, without limitation, pit bosses, shift bosses, credit executives, cashier operations supervisors, gambling operation managers and assistant managers, managers or supervisors of security employees, or any other natural person designated as a key employee by the department for reasons consistent with the policies of this chapter.

(y) “Key employee license” means a state license authorizing the holder to be employed as a key employee.

2. Business and Professions Code section 19811 provides, in part:

(b) Jurisdiction, including jurisdiction over operation and concentration, and supervision over gambling establishments in this state and over all persons or things having to do with the operations 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 or 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.

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

The department<sup>[3]</sup> . . . shall have all of the following responsibilities:

\* \* \*

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

\* \* \*

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

6. Business and Professions Code section 19850 provides:

Every person who, either as owner, lessee, or employee, whether for hire or not, either solely or in conjunction with others, deals, operates, carries on, conducts, maintains, or exposes for play any controlled game in this state, or who receives, directly or indirectly, any compensation or reward, or any percentage or share of the money or property played, for keeping, running, or carrying on any controlled game in this state, shall apply for and obtain from the commission, and shall thereafter maintain, a valid state gambling license, key employee license, or work permit, as specified in this chapter. In any criminal prosecution for violation of this section, the punishment shall be as provided in Section 337j of the Penal Code.

7. Business and Professions Code section 19854 provides, in part:

(a) Every key employee shall apply for and obtain a key employee license.

(b) No person may be issued a key employee license unless the person would qualify for a state gambling license.

8. Business and Professions Code section 19870 provides:

(a) The commission, after considering the recommendation of the chief<sup>[4]</sup> and any other testimony and written comments as may be presented at the meeting, or as may have been submitted in writing to

<sup>3</sup> “Department” refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd. (h).)  
<sup>4</sup> “Chief” refers to the Director of the Bureau. (Bus. & Prof. Code, § 19805, subd. (d).)

1 the commission prior to the meeting, may either deny the application  
2 or grant a license to an applicant who it determines to be qualified to  
hold the license.

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

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

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

9 (e) A decision of the commission denying a license or approval,  
10 or imposing any condition or restriction on the grant of a license or  
11 approval may be reviewed by petition pursuant to Section 1085 of the  
12 Code of Civil Procedure. Section 1094.5 of the Code of Civil  
13 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.

14 9. Business and Professions Code section 19871 provides:

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

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

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

20 (A) To call and examine witnesses.

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

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

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

26 (E) To offer rebuttal evidence.

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

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

(b) Nothing in this section confers upon an applicant a right to discovery of the department's<sup>5</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.

10. California Code of Regulations, title 4, section 12056 provides, in part:

(a) 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 . . .

11. California Code of Regulations, title 4, section 12060 provides, in part:

(a) If the Executive Director determines it is appropriate, he or she may set an application for consideration at a GCA hearing in advance of a meeting pursuant to Section 12054. The Executive Director will 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 90 calendar days in advance of the GCA hearing. The Executive Director's determination will be based on information contained in the Bureau's report or other appropriate sources including, without limitation, a request from the Bureau or applicant as well as the Commission's operational considerations.

(b) 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.

(c) The presiding officer shall have no communication with the Commission or Commission staff upon the merits, or upon information or documents related to the application prior to the evidentiary hearing. The Executive Director shall designate a presiding officer which shall be:

(1) A member of the Commission's legal staff; or,

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<sup>5</sup> "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd. (h).)

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(2) An Administrative Law Judge.

(d) The applicant or the complainant, or the applicant and the complainant, may request a continuance in writing to the Executive Director stating the reason for the continuance and any proposed future hearing dates. The Executive Director or Commission may approve the request.

(e) The complainant shall provide to the applicant, at least 45 calendar days prior to the GCA hearing, and the applicant shall provide to the complainant, at least 30 calendar days prior to the GCA hearing, the following items:

(1) A list of potential witnesses with the general subject of the testimony of each witness;

(2) Copies of all documentary evidence intended to be introduced at the hearing and not previously provided;

(3) Reports or statements of parties and witnesses, if available; and

(4) All other written comments or writings containing relevant evidence.

(f) A presiding officer shall rule on the admissibility of evidence and on any objections raised except for objections raised under subsection (g). A ruling by the presiding officer shall be final.

(1) In advance of the GCA hearing, upon a motion of a party or by order of the presiding officer, the presiding officer may conduct a pre-hearing conference, either in person, via teleconference, or by email exchange, subject to the presiding officer's availability and shall issue a pre-hearing order if appropriate or requested by either party. The pre-hearing conference and order may address the following:

(A) Evidentiary issues;

(B) Witness and exhibit lists;

(C) Alterations in the Bureau recommendation;

(D) Stipulation for undisputed facts including the admission of the Bureau's report; and

(E) Other issues that may be deemed appropriate to promote the orderly and prompt conduct of the hearing.

(2) The GCA hearing need not be conducted according to technical rules of evidence. Any relevant evidence may be considered, and is

1 sufficient in itself to support findings if it is the sort of evidence on which  
2 reasonable persons are accustomed to rely in the conduct of serious affairs,  
3 regardless of the existence of any common law or statutory rule that might  
4 make improper the admission of that evidence over objection in a civil  
5 action.

6 (g) The Commission may, at any time upon a showing of prejudice by  
7 the objecting party:

8 (1) Prohibit the testimony of any witness or the introduction of  
9 any documentary evidence that has not been disclosed pursuant to subsection  
10 (e); or

11 (2) Continue any meeting or hearing as necessary to mitigate  
12 any prejudice.

13 (h) The complainant shall present all facts and information in the  
14 Bureau report, if any, and the results of the Bureau's background  
15 investigation, and the basis for any recommendation, if the Bureau filed one  
16 with the Commission according to Business and Professions Code section  
17 19868, to enable the Commission to make an informed decision on whether  
18 the applicant has met his, her, or its burden of proof. The complainant may  
19 but is not required to recommend or seek any particular outcome during the  
20 evidentiary hearing, unless it so chooses.

21 (i) The burden of proof is on the applicant at all times to prove his,  
22 her, or its qualifications to receive any license or other approval under the  
23 Act.

24 (j) The applicant may choose to represent himself, herself, or itself, or  
25 may retain an attorney or lay representative.

26 (k) Except as otherwise provided in subsection (g), the complainant  
27 and applicant shall have the right to call and examine witnesses under oath;  
28 to introduce relevant exhibits and documentary evidence; to cross-examine  
opposing witnesses on any relevant matter, even if the matter was not  
covered in direct examination; to impeach any witness, regardless of which  
party first called the witness to testify; and to offer rebuttal evidence. If the  
applicant does not testify on his, her or its own behalf, the applicant may be  
called and examined, under oath, as if under cross-examination.

(l) Oral evidence shall be taken upon oath or affirmation, which may  
be administered by the Executive Director, a member of the Commission, or  
the presiding officer, if an Administrative Law Judge.

(m) At the conclusion of the evidentiary hearing, the members of the  
Commission shall take the matter under submission, may discuss the matter  
in a closed session meeting, and may schedule future closed session meetings  
for deliberation.



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(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.

15. 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.

16. Business and Professions Code section 19920 provides:

It is the policy of the State of California to require that all establishments wherein controlled gambling is conducted in this state be operated in a manner suitable to protect the public health, safety, and general welfare of the residents of the state. The responsibility for the employment and maintenance of suitable methods of operation rests with the owner licensee, and willful or persistent use or toleration of methods of operation deemed unsuitable by the commission or by local government shall constitute grounds for license revocation or other disciplinary action.

17. Business and Professions Code section 19922 provides:

No owner licensee shall operate a gambling enterprise in violation of any provision of this chapter or any regulation adopted pursuant to this chapter.

18. Business and Professions Code section 19924 provides:

Each owner licensee shall maintain security controls over the gambling premises and all operations therein related to gambling, and those security controls are subject to the approval of the commission.

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19. Business and Professions Code, section 19944 provides:

Any person who willfully resists, prevents, impedes, or interferes with the department or the commission or any of their agents or employees in the performance of duties pursuant to this chapter is guilty of a misdemeanor, punishable by imprisonment in a county jail for not more than six months, by a fine not exceeding one thousand dollars (\$1,000), or by both that imprisonment and fine.

20. Business and Professions Code section 19971 provides:

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

21. Business and Professions Code section 19984 provides, in part:

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

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

22. Penal Code section 330 provides:

Every person who deals, plays, or carries on, opens, or causes to be opened, or who conducts, either as owner or employee, whether for hire or not, any game of faro, monte, roulette, lansquenet, rouge et noire, rondo, tan, fan-tan, seven-and-a-half, twenty-one, hokey-pokey, or any banking or percentage game played with cards, dice, or any device, for money, checks, credit, or other representative of value, and every person who plays or bets at or against any of those prohibited games, is guilty of a misdemeanor, and shall be punishable by a fine not less than one hundred dollars (\$100) nor more than one thousand dollars (\$1,000), or by imprisonment in the county jail not exceeding six months, or by both the fine and imprisonment.

23. Penal Code section 330.11 provides:

“Banking game” or “banked game” does not include a controlled game if the published rules of the game feature a player-dealer

1 position and provide that this position must be continuously and  
2 systematically rotated amongst each of the participants during the play  
3 of the game, ensure that the player-dealer is able to win or lose only a  
4 fixed and limited wager during the play of the game, and preclude the  
5 house, another entity, a player, or an observer from maintaining or  
6 operating as a bank during the course of the game. For purposes of this  
7 section it is not the intent of the Legislature to mandate acceptance of  
8 the deal by every player if the division finds that the rules of the game  
9 render the maintenance of or operation of a bank impossible by other  
10 means. The house shall not occupy the player-dealer position.

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20 24. Penal Code section 337a provides, in part:

21 (a) Except as provided in Section 336.9, every person who  
22 engages in one of the following offenses, shall be punished for a first  
23 offense by imprisonment in a county jail for a period of not more than  
24 one year or in the state prison, or by a fine not to exceed five thousand  
25 dollars (\$5,000), or by both imprisonment and fine:

26 (3) Whether for gain, hire, reward, or gratuitously, or  
27 otherwise, receives, holds, or forwards, or purports or pretends to  
28 receive, hold, or forward, in any manner whatsoever, any money,  
thing or consideration of value, or the equivalent or memorandum  
thereof, staked, pledged, bet or wagered, or to be staked, pledged,  
bet or wagered, or offered for the purpose of being staked,  
pledged, bet or wagered, upon the result, or purported result, of  
any trial, or purported trial, or contest, or purported contest, of  
skill, speed or power of endurance of person or animal, or  
between persons, animals, or mechanical apparatus, or upon the  
result, or purported result, of any lot, chance, casualty, unknown  
or contingent event whatsoever.

29  
30 25. Penal Code section 337j provides, in part:

31 (a) It is unlawful for any person, as owner, lessee, or employee,  
32 whether for hire or not, either solely or in conjunction with others, to  
33 do any of the following without having first procured and thereafter  
34 maintained in effect all federal, state, and local licenses required by  
35 law:

36 (2) To receive, directly or indirectly, any compensation or  
37 reward or any percentage or share of the revenue, for keeping,  
38 running, or carrying on any controlled game.

39 \* \* \*

1 (e) (1) As used in this section, "controlled game" means any poker  
2 or Pai Gow game, and any other game played with cards or tiles, or both, and  
3 approved by the Department of Justice, and any game of chance, including  
4 any gambling device, played for currency, check, credit, or any other thing of  
5 value that is not prohibited and made unlawful by statute or local ordinance.

6 26. California Code of Regulations, title 4, section 12380 provides, in part:

7 (a) "Minimum Internal Control Standards," or "MICS," are the minimum  
8 requirements to operate a gambling establishment as set forth in this chapter, and  
9 include, but are not limited to, administration controls, and controls requirement  
10 segregation of duties. A licensee must meet or exceed these requirements in  
11 controlling their gambling operation.

12 \* \* \*

13 (c) Failure by a licensee to comply with the requirements of this article  
14 constitutes an unsuitable method of operation and is a ground for disciplinary action.

15 27. California Code of Regulations, title 4, section 12387 provides, in part:

16 (a) The policies and procedures for all tiers shall meet or exceed  
17 the following standards for the security of floor banks:

18 (1) When kept, held, or stored in any public area of the  
19 gambling establishment, a floor bank shall be secured in a  
20 receptacle, drawer, or compartment with a locking mechanism  
21 securing the contents. The receptacle, drawer, or compartment shall  
22 remain locked at all times, except when being accessed by assigned  
23 gambling enterprise employees in the performance of their duties. If  
24 a keyed lock or locking mechanism is used, the key shall not be left  
25 in the lock when the drawer or compartment is not being accessed.  
26 All keys, combinations, and access codes shall be subject to the  
27 applicable key security and control provisions of Section 12395.

28 (2) The lock or locking mechanism of each receptacle  
containing a floor bank, shall be keyed differently from the lock or  
locking mechanism of any other receptacle, drawer, or compartment  
of any furnishing, fixture, cabinet, appurtenance, or device  
(hereafter cabinet) in the gambling establishment, except in the  
following circumstances:

(A) When a single assigned gambling enterprise  
employee requires access to multiple receptacles in the  
performance of his or her duties; that access is limited solely

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to that employee during his or her assigned shift; and each of the receptacles contains a floor bank, those receptacles may have a key, combination, or access code in common with each other.

(B) Managers and supervisors whose duties include the supervision or oversight of employees who utilize and have access to floor banks in the performance of their assigned duties, may have a master or duplicate key that will open some or all of the locking mechanisms for the receptacles containing a floor bank to which any of their subordinate employees have access.

(3) Any cabinet having a drawer, compartment, or receptacle containing or intended to contain a floor bank shall be located so that it is clearly visible for security and surveillance purposes. The cabinet shall be kept under continuous recorded video surveillance, in accordance with the applicable provisions of Section 12396. The camera coverage shall be adequate to enable monitoring and recording of the contents of any drawer when open, to the extent reasonably possible, and of all activities involving the floor bank. If a mobile cabinet is used, it shall be kept at a fixed secure location under continuous recorded video surveillance when not being actively used on the gambling floor.

(4) No gambling equipment, documents, supplies, or other materials that are not directly related to a floor bank shall be commingled with or kept in the same receptacle with a floor bank. Neither the cabinet nor any other drawer, compartment, or receptacle therein, shall be used to hold, store, keep, or safeguard any personal property or possession of any gambling enterprise employee, patron, or any other person, nor any equipment, documents, supplies, or other materials that are not directly related to the conduct of gambling operations.

(5) Each floor bank shall be individually balanced not less than daily and the imprest amount verified. Any shortages or overages shall be documented in an exception report and included in the appropriate cage bank reconciliation.

(6) The licensee shall establish a maximum imprest amount that may be assigned to each floor bank based on a reasonable estimate of the amount necessary for the activities associated with the bank during any shift. The maximum imprest amount that may be assigned to a floor bank in a mobile cabinet shall not exceed \$ 30,000 at any time.

1 (7) The licensee's policies and procedures shall include  
2 specific provisions governing the sale or distribution of gambling  
3 chips and the disbursement of cash to patrons from a floor bank by  
4 the assigned gambling enterprise employee. The redemption of  
5 chips by a patron from a floor bank shall not exceed a total of \$  
6 500, except when that floor bank is being temporarily operated as a  
7 cage and all applicable provisions of Section 12386 are complied  
8 with. No chip redemptions may be transacted at any time from a  
9 floor bank in a mobile cabinet.

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11 (c) If a licensee provides to any third-party provider of  
12 proposition player services (TPPPS) company or its employees access to  
13 or the use of any cabinet, or any receptacle, drawer, or compartment in  
14 any cabinet described in subsection (a) or (b), that access or use shall be  
15 exclusive to that TPPPS company and its employees, and that cabinet  
16 shall not be used by the licensee for any purpose.

17 28. California Code of Regulations, title 4, section 12395 provides, in part:

18 (a) The policies and procedures for all Tiers shall meet or exceed  
19 the following standards for security:

20 (3) Licensees shall file an incident report with the  
21 Bureau's Criminal Intelligence Unit within five business days of  
22 either of the following:

23 (A) Any owner or key employee contacting a local  
24 law enforcement agency, pursuant to the provisions of the  
25 licensee's security plan, regarding any reasonably suspected  
26 violation of the Act, this division, Division 3 of Title 11 of the  
27 California Code of Regulations, any statute set forth in sections  
28 330 through 337z of the Penal Code that pertains to gambling,  
section 1916-3(b) of the Civil Code (loan-sharking), chapter 1  
(commencing with section 11000) of division 10 of the Health  
and Safety Code (illegal possession or distribution of  
controlled substances), section 4022 of the Business &  
Professions Code (illegal possession or distribution of  
dangerous drugs), or any violation of the following Penal Code  
sections: 186.10 (money laundering), 211 (robbery), 245  
(assault with deadly weapon), 266h (pimping), 266i  
(pandering), 459 (burglary), 470 (forgery), 476 (fraud), 487  
(grand theft), 488 (petty theft), 503 (embezzlement), 518  
(extortion), 641.3 (commercial bribery), 648 (counterfeit  
currency), 653.22 (loiter for prostitution), 653.23 (pimping), or  
647(b) (prostitution).

1 (B) Any owner or key employee obtaining  
2 knowledge or notice of any reasonably suspected violation  
3 listed in subparagraph (A).

4 29. California Code of Regulations, title 4, section 12396 provides, in part:

5 (a) The policies and procedures for all Tiers shall meet or exceed  
6 the following standards for surveillance:

7 (1) Licensees shall install and maintain, on site in their  
8 gambling establishment, a surveillance system, with video  
9 recording and closed circuit television (CCTV) monitoring  
10 capabilities, to record critical activities related to the licensees'  
11 gambling operations. The surveillance system shall record with  
12 reasonable coverage and clarity, at a minimum, the gambling  
13 operation, the payment of player drop fees, the collection of drop  
14 boxes, the drop count processes, cage and cashier activities,  
15 gambling equipment storage areas, except for furniture storage  
16 areas, and the interior of gambling establishment entrances and  
17 exits. The video recording equipment shall include date and time  
18 generators which shall display the current date and time of recorded  
19 events on videotape or digital recordings. The displayed date and  
20 time shall not significantly obstruct the view of recorded images.  
21 The surveillance system may have remote, off-site access  
22 capabilities, but only ancillary to any on-site systems required by  
23 this section.

24 (2) All surveillance recordings shall be made in real time  
25 mode, or at a speed sufficient to capture and record with reasonable  
26 completeness the actions of all individuals being observed, except  
27 that any recordings of the gambling establishment parking areas,  
28 and the gambling establishment entrances and exits may be  
recorded in time-lapse mode, at a minimum speed of 15 frames per  
second.

(3) All video surveillance cameras shall be installed in a  
manner that prevents them from being intentionally obstructed,  
tampered with or disabled by patrons or employees, to the extent  
reasonably possible. All recording and monitoring equipment shall  
be located in secure rooms or areas of the gambling establishment  
so that access is controlled.

(4) The surveillance system operation shall be checked  
daily to ensure that all surveillance equipment is functioning  
properly and reasonable efforts shall be made to repair  
malfunctioning surveillance equipment within 72 hours of the  
discovery of the malfunctions.

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2 (6) Videotapes or other recording media shall be marked  
3 or coded to denote the activity recorded.

4 (7) (A) Unless otherwise requested by the Bureau, all  
5 recordings shall be retained for a minimum of seven complete  
6 days of operation, except that recordings that are determined by  
7 the Bureau or a law enforcement agency to be of evidentiary  
8 value shall be retained for a period specified in writing by the  
9 determining agency. Recordings of any criminal offense  
10 subject to reporting pursuant to paragraph (3) of subsection (a)  
11 of Section 12395 shall be retained indefinitely, or until the  
12 Bureau authorizes their disposal.

13 (B) Subsection (f) notwithstanding, the seven day  
14 retention period specified in subparagraph (A) shall be  
15 increased to 14 days no later than June 1, 2013.

16 (8) For the purpose of enforcing the provisions of the Act,  
17 this division, or Division 3 of Title 11 of the California Code of  
18 Regulations, Bureau staff, with the approval of the chief, may, at  
19 any time during the gambling establishment's actual hours of  
20 operation, demand immediate access to the surveillance room and  
21 any area of the gambling establishment where surveillance  
22 equipment is installed or maintained or where surveillance video  
23 recordings are stored, and such access shall be provided by the  
24 licensee or the licensee's authorized representative. The Bureau  
25 may, pursuant to subparagraph (D) of paragraph (1) of subdivision  
26 (a) of section 19827 of the Business and Professions Code, take  
27 custody of and remove from the gambling establishment the  
28 original of any video recording, or a copy of any digital recording,  
required to be made and maintained pursuant to the Act or this  
division. Any surveillance video recording that is in the custody of  
the Bureau pursuant to this paragraph may be disclosed by the  
Bureau only when necessary to administer or enforce the provisions  
of the Act, this division, or Division 3 of Title 11 of the California  
Code of Regulations or when necessary to comply with a court  
order. Upon reasonable request of the licensee or the licensee's  
authorized representative, a copy of the recordings shall be made  
and left on the premises if copying equipment is available to enable  
Bureau staff to make copies. If copying equipment is not available  
to Bureau staff, upon reasonable request of the licensee or the  
licensee's authorized representative, a copy of the recordings will be  
provided to the licensee at the licensee's expense, unless the Bureau  
expressly waives its costs of providing the copies.

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30. California Code of Regulations, title 4, section 12568, provides, in part:

(c) A state gambling license, finding of suitability, or approval granted by the Commission, other than a work permit, and an owner license for a gambling establishment if the owner licensee has committed a separate violation from any violations committed by the gambling establishment shall be subject to revocation by the Commission on any of the following grounds:

\* \* \*

(3) If the Commission finds the holder no longer meets any criterion for eligibility, qualification, suitability or continued operation, including those set forth in Business and Professions code sections 19857, 19858, or 19880, as applicable, or

(4) If the Commission finds the holder currently meets any of the criteria for mandatory denial of an application set forth in Business and Professions Code sections 19859 or 19860.

31. California Code of Regulations, title 11, section 2050 provides, in part:

(a) A gambling establishment shall have on the premises, at all times that the establishment is open to the public, an owner licensee or a key employee who shall have the responsibility and authority to ensure immediate compliance with the Act and these regulations.

32. California Code of Regulations, title 11, section 2052 provides, in part:

(c) Within five days of any owner licensee or key employee obtaining knowledge or notice of any possible violation of the Act or these regulations, a written report shall be submitted to the Bureau, which details the nature of the violation, the identities of those persons involved in the violation, and describes what actions have been taken to address the violation.