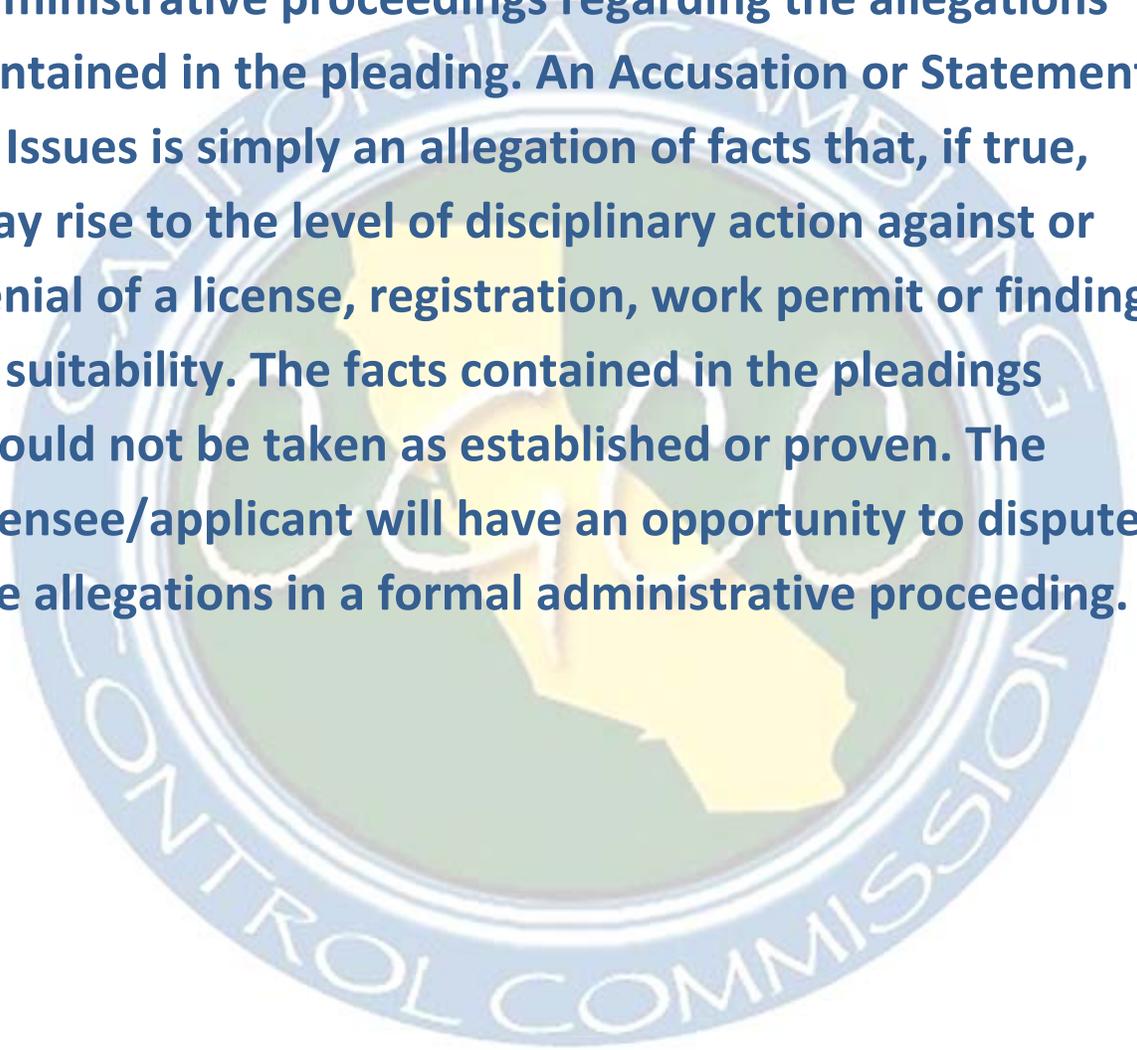


The Commission is providing a copy of this disciplinary pleading (Accusation, or Statement of Reasons, Statement of Particulars, or Statement of Issues) so the public is as informed as possible of pending administrative proceedings regarding the allegations contained in the pleading. An Accusation or Statement of Issues 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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9 **BEFORE THE**
10 **CALIFORNIA GAMBLING CONTROL COMMISSION**
11 **STATE OF CALIFORNIA**

14 **In the Matter of the Statement of Issues**
Against:
15
16 **LEON BERNARDI**
17 
18 **Key Employee License No. GEKE-001408**
19
20 **Respondent.**

BGC No. BGC-HQ2013-00003AC
CGCC No. 2013-0426-1
OAH No. _____

STATEMENT OF ISSUES¹

23 **PARTIES**

24 1. Wayne J. Quint, Jr., submits this Statement of Issues solely in his official capacity as
25 the Chief of the California Department of Justice, Bureau of Gambling Control (Bureau).

26 ¹ With respect to the claims made and facts alleged, this Statement of Issues is in all
27 material respects identical to the First Amended Statement of Reasons served on Respondent on
28 September 18, 2015, and is filed in this form to comply with California Code of Regulations, title
4, section 12058, subdivision (c).

1 2. On or about November 25, 2008, the California Gambling Control Commission
2 (Commission) licensed Leon Bernardi (Respondent) as a key employee at the Club One Casino.
3 Respondent was continuously licensed as a key employee at that gambling establishment until
4 December 3, 2011.

5 3. On or about May 23, 2012, Respondent became employed with Clovis 500 Club.

6 4. On or about August 20, 2012, Respondent filed an Application for Gambling
7 Establishment Key Employee License, CGCC-031 (Rev. 05/1), with the Commission for renewal
8 of his key employee license for Clovis 500 Club as Shift Supervisor.

9 5. At its November 15, 2012, meeting, the Commission extended Respondent's license
10 renewal until January 31, 2013.

11 6. At its January 24, 2013, meeting, the Commission extended Respondent's license
12 renewal until April 30, 2013.

13 7. At its April 26, 2013, meeting, the Commission referred the renewal of Respondent's
14 key employee license to an evidentiary hearing.

15 8. On or about June 14, 2013, pursuant to California Code of Regulations, title 4, section
16 12050, subdivision (b), the Commission's Executive Director set the matter for a hearing to be
17 conducted pursuant to the provisions of Business and Professions Code sections 19870 and
18 19871, and California Code of Regulations, title 4, section 12050, subdivision (b)(2).

19 9. On April 27, 2015 and April 28, 2015, the Commission commenced an evidentiary
20 hearing pursuant to California Code of Regulations, title 4, section 12060, before Commissioners
21 Schuetz, Conklin, and Hammond. That evidentiary hearing did not conclude. On October 8,
22 2015, the Commission, then consisting of Chairman Evans and Commissioners Conklin,
23 Hammond, To, and Dunstan, referred this matter to an Administrative Procedures Act hearing
24 before an Administrative Law Judge sitting on behalf of the Commission pursuant to California
25 Code of Regulations, title 4, section 12058, subdivision (a).

JURISDICTION

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

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 operation of gambling establishments is vested in the commission.

11. 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.

12. 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.

* * *

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

3 13. Business and Professions Code section 19854, subdivision (a), provides:

4 Every key employee shall apply for and obtain a key employee
5 license.

6 14. California Code of Regulations, title 4, section 12058, provides, in part:

7 (a) When the Commission elects to hold an APA hearing the
8 Commission shall determine whether the APA hearing will be held
9 before an Administrative Law Judge sitting on behalf of the
10 Commission or before the Commission itself with an Administrative
11 Law Judge presiding in accordance with Government Code section
11512. Notice of the APA hearing shall be provided to the applicant
pursuant to Government Code section 11500 et seq.

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

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

16 COSTS

17 15. Business and Professions Code section 19930, subdivision (d), provides, in part:

18 (d) In any case in which the administrative law judge
19 recommends that the commission revoke, suspend, or deny a license,
20 the administrative law judge may, upon 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.

21 (1) The costs assessed pursuant to this subdivision shall
22 be fixed by the administrative law judge and may not be
23 increased by the commission. When the commission does not
24 adopt a proposed decision and remands the case to the
25 administrative law judge, the administrative law judge may not
increase the amount of any costs assessed in the proposed
decision.

26 (2) The department may enforce the order for payment
27 in the superior court in the county in which the administrative
28 hearing was held. The right of enforcement shall be in addition

1 to any other rights that the department may have as to any
2 licensee directed to pay costs.

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

6 * * *

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

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

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

12 SPECIFIC STATUTORY AND REGULATORY PROVISIONS

13 16. Business and Professions Code section 19856, subdivision (a) provides in part:

14 The burden of proving his or her qualifications to receive any
15 license is on the applicant.

16 17. California Code of Regulations, title 4, section 12058, subdivision (b) provides:

17 The burden of proof is on the applicant to prove, his, her, or its
18 qualifications to receive any license or other approval under the Act.

19 18. Business and Professions Code section 19854, subdivision (b) provides:

20 No person may be issued a key employee license unless the
21 person would qualify for a state gambling license.

22 19. Business and Professions Code section 19857 provides in part:

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

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

27 (b) A person whose prior activities, criminal record, if any,
28 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

1 controlled gambling or in the carrying on of the business and financial
2 arrangements incidental thereto.

3 20. Business and Professions Code section 19859 provides in part:

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

6 * * *

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

12 21. Business and Professions Code section 19866 provides:

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

17 22. Business and Professions Code section 19971 provides:

18 This act [Gambling Control Act] is an exercise of the police power
19 of the state for the protection of the health, safety, and welfare of the
20 people of the State of California, and shall be liberally construed to
21 effectuate those purposes.

22 **FIRST CAUSE FOR DENIAL**

23 **(Unqualified—Unsuitable Practices)**

24 23. Respondent's key employee license application is subject to denial pursuant to
25 Business and Professions Code sections 19823, 19854, and 19857, in that the Respondent's
26 activities, habits and/or associations pose a threat to the public interest of this state, to the
27 effective regulation and control of controlled gambling, or creates or enhances the dangers of
28 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. The
Respondent knew of, or should have know of, was willfully ignorant of, allowed to occur,
assisted, abetted, and/or tolerated the embezzlement, misappropriation, and/or misuse of

1 approximately \$1,500.00 in gaming chips of the Club One Casino on or about July 9, 2011, by a
2 dealer employed by Club One Casino. Thereafter, Applicant concealed that inappropriate and
3 dishonest conduct from the management of the Club One Casino.

4 **SECOND CAUSE FOR DENIAL**

5 **(Disqualified—Failure to Provide Information as Required)**

6 24. Respondent's key employee license application is subject to mandatory denial
7 pursuant to Business and Professions Code sections 19854 and 19859, subdivisions (a) and (b), in
8 that on or about February 20, 2013, Respondent failed to provide information, documentation, or
9 assurances as required, failed to reveal facts material to his qualifications, and/or supplied untrue
10 and misleading information when questioned by the Bureau regarding the conduct described in
11 paragraph 23, above and incorporated herein by reference.

12 **THIRD CAUSE FOR DENIAL**

13 **(Unqualified—Failure to Cooperate)**

14 25. Respondent's key employee license application is subject to denial pursuant to
15 Business and Professions Code sections 19854, 19857, subdivisions (a) and (b), and 19866, in
16 that on or about February 20, 2013, Respondent was uncooperative, argumentative, evasive, and
17 not forthcoming with information material to his application when questioned regarding the
18 conduct alleged in paragraph 23, above, and incorporated here by reference.

19 **FOURTH CAUSE FOR DENIAL**

20 **(Failure to Provide Information When Requested—Refusal to Cooperate)**

21 26. On or about November 11, 2011, Respondent entered into a joint venture agreement
22 under which Respondent and others would lend a total of approximately \$1,500,000 to Louis
23 Sarantos for the purpose of financing tenant improvements associated with the relocation of the
24 Clovis 500 Club Casino. In consideration of this aggregate loan, the participants in the joint
25 venture were to receive interest payments and options to purchase certain percentage interests in
26 the Clovis 500 Club Casino after the improvements had been completed and the relocated club
27 was operating. Respondent's key employee license application is subject to mandatory denial
28 pursuant to Business and Professions code section 19854 and section 19859, subdivision (b), in

1 that on or about May 7, 2015, Respondent refused to submit to an interview by Bureau Special
2 Agent Alfredo Cardwood concerning the existence of, and Respondent's participation in, the joint
3 venture described above.

4 **FIFTH CAUSE FOR DENIAL**

5 **(Unqualified—Failure to Disclose Financial Interest)**

6 27. Respondent's key employee license application is subject to denial pursuant to
7 Business and Professions code section 19854 and Business and Professions Code section 19857,
8 subdivisions (a) and (b), in that on or about November 10, 2011, and continuing at all times
9 thereafter, Respondent failed to disclose to the Bureau and to the Commission Respondent's
10 provision of a loan to licensee Louis Sarantos in the amount of approximately \$192,000.00, made
11 as part of the joint venture described in paragraph 26, above. Respondent also failed to disclose
12 to the Bureau and Commission the other loans made by, and purchase options received by, the
13 other participants in the joint venture described in paragraph 26, above, despite having knowledge
14 thereof. Respondent knew, or reasonably should have known, that the acquisition of such
15 financial and ownership interests in a gambling establishment by Respondent and others must be
16 reported to the Bureau and the Commission.

17 **PRAYER**

18 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
19 and that following the hearing, the Commission issue a decision to:

- 20 1. Deny the renewal of key employee license No. GEKE-001408, issued to Leon
21 Bernardi;
- 22 2. Order the Respondent to pay the department the reasonable costs of investigation and
23 prosecution of the case pursuant to Business and Professions Code section 19930; and
- 24 3. Take such other and further action as the Commission may deem appropriate.

25 Dated: December 4, 2015

26 
27 _____
28 WAYNE J. QUINT, JR., Chief
Bureau of Gambling Control
California Department of Justice
Complainant