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.

ROL COMMIS

1	ROB BONTA Atternation Control of Colifornia				
2	Attorney General of California SARA J. DRAKE RECEIVED				
3	Senior Assistant Attorney General WILLIAM P. TORNGREN				
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9	Fax: (916) 323-2319 E-mail: Jeremy.Stevens@doj.ca.gov				
10	Attorneys for Complainant				
11	BEFORE THE				
12					
13	GAMBLING CONTROL COMMISSION				
14	STATE OF CALIFORNIA				
15					
16	In the Matter of the Statement of Issues Against: BGC Case No.: BGC-HQ2020-00029SL				
17	CHAD WENDELL BENSON STATEMENT OF ISSUES				
18	(GEKE-002431)				
19					
20	Respondent.				
21					
22	Complainant alleges as follows:				
23	<u>PARTIES</u>				
24	1. Yolanda Morrow (Complainant) brings this statement of issues solely in her				
25	official capacity as the acting Director of the California Department of Justice, Bureau of				
26	Gambling Control (Bureau).				
27	2. Respondent Chad Benson (Respondent) has been employed by the Lake Elsinore				
28	Hotel & Casino (Casino) in various capacities since approximately October 2015.				

THE LICENSE APPLICATION AND THIS PROCEEDING

- 3. On or about April 19, 2016, the Bureau received an Application for Gambling Establishment Key Employee and Key Employee Supplemental Background Investigation Information from Respondent.
- 4. On or about July 7, 2020, the Bureau issued a Gambling Establishment Key Employee Initial Background and Investigation Report, Level III, for Respondent's application. In that report, the Bureau recommended that the California Gambling Control Commission (Commission) deny Respondent's application.
- 5. At its regular meeting on October 15, 2020, the Commission referred consideration of Respondent's application to an evidentiary hearing to be heard by an administrative law judge pursuant to the Administrative Procedure Act (APA) (Gov. Code, § 11500 et seq.). (Bus. & Prof. Code, § 19825; Cal. Code. Regs, tit. 4, §§ 12056, 12058.)

JURISDICTION, BURDEN OF PROOF, AND COST RECOVERY

- 6. The Gambling Control Act (Act) (Bus. & Prof. Code, § 19800 et seq.)¹ gives the Commission jurisdiction over the operation and concentration of gambling establishments and all persons and things having to do with the operation of gambling establishments. (Bus. & Prof. Code, § 19811, subd. (b).) The Commission has all powers necessary and proper to enable it fully and effectually to carry out the policies and purposes of the Act including denying any application for a license. (Bus. & Prof. Code, § 19824, subd. (b).) The Commission may require matters to be heard and determined in an administrative proceeding under the APA. (Bus. & Prof. Code, § 19825.)
- 7. Applicants, such as Respondent, have the burden to prove they are qualified for a state license. (Bus. & Prof. Code, § 19856, subd. (a); see also Gov. Code, § 11504.)
- 8. In a matter involving denial of a license application, the Bureau may recover its costs of investigation and prosecuting the proceeding. (Bus. & Prof. Code, § 19930, subd. (d).)

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.

THE ACT'S PUBLIC PROTECTION PURPOSES

- 9. The Act is an exercise of the police power of the State of California intended to protect the public's health, safety and welfare. It is to be liberally interpreted to effectuate that purpose. (Bus. & Prof. Code, § 19971.) The Act requires strict and comprehensive regulation of all persons, associations, and activities related to the operation of gambling establishments. (Bus. & Prof. Code, § 19801, subd. (h).) The Legislature has declared that the public trust requires comprehensive measures to ensure that gambling is free from criminal and corruptive elements. (Bus. & Prof. Code, § 19801, subds. (g) & (j).) To effectuate this state policy, unsuitable persons are not permitted to associate with gambling establishments. (Bus. & Prof. Code, § 19801, subd. (k).) The Commission's responsibilities include, without limitation: "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" (Bus. & Prof. Code, § 19823, subd. (a)(2).)
- 10. The Act requires full and true disclosure by applicants "as necessary to carry out the policies of this state relating to licensing, registration, and control of gambling." (Bus. & Prof. Code, § 19866.) Without disclosure, the Commission cannot assure 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." (Bus. & Prof. Code, § 19823, subd. (a)(2).) Likewise, if disclosure is lacking, the Commission cannot make determinations regarding whether to require a person to register, apply for a finding of suitability, or be licensed. (Bus. & Prof. Code, §§ 19852, subd. (i), 19853, subd. (a).) An applicant's failure to submit information, documentation and/or assurances required by the Act or requested by the Bureau, or to reveal information material to qualification for licensure, or an applicant's supplying of untrue or misleading information pertaining to the qualification for licensure, likewise renders an applicant disqualified for licensure. (Bus. & Prof. Code, § 19859, subd. (b).) These failures also make an applicant unqualified for licensure. (Bus. & Prof. Code, § 19857.)

FACTUAL BACKGROUND

A. Related Persons and Entities

- 11. Respondent works at the Casino. The Casino's owner Sahara Dunes Casino, L.P. (Partnership) presently is a respondent in a pending administrative matter concerning its license application and suitability for licensure under the Act. The Partnership's owners are: general partner Sahara Dunes Management, Inc. (Corporation), which has not applied for licensing under the Act; Ted Kingston, who has applied for licensure under the Act only as an officer of the Corporation and as a limited partner of the Partnership; and Joseph Kingston, who is now deceased and refused to submit updated license applications or other information when requested by the Bureau. Ted Kingston is Respondent's half-brother. In addition to Joseph Kingston, the Partnership, and the Corporation, the following persons and entities are implicated in both this and the pending administrative matter:
 - a. Fidelity Funding, LLC
 - b. World Enterprises
 - c. JTI Inc.
 - d. R.O Young, also known as Rachel O. Young and Rachel Orlean Young Kingston
 - e. Clyde Elden Kingston
 - f. Grace E. Mitchell
 - g. Kyle Kingston
 - h. Mitchell & Associates
- 12. The persons and entities listed in the previous paragraph are familially related to Respondent. Additional entities that are familially related to Respondent and implicated in this proceeding are: Safeco Investments, Inc.; Alliance Investment, L.L.C.; and Equitable Funding, Inc. Each of these entities is an unregistered lender. In combination, they provided more than \$800,000 in purported loans regarding which Respondent could not provide sufficient documentation or any documentation to the Bureau.

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- 13. In April 2016, Respondent submitted a Gambling Establishment Owner Applicant - Individual Supplemental Background Investigation Information (BGC-APP. 015A) and additional documents (Owner Supplemental Package). There, he reported notes payable to Fidelity Funding of approximately \$475,000.
- 14. On April 20, 2016, the Bureau returned the Owner Supplemental Package. In its cover letter, the Bureau wrote: "It is not clear why this was sent, as the Bureau has not received an Application for a State Gambling License."
- 15. Respondent did not submit an Application for a State Gambling License, re-submit the Owner Supplemental Package, or otherwise respond to the Bureau's April 20, 2016 cover letter.

C. **Respondent-Joseph Kingston Potential Transactions**

- 16. On April 19, 2016, Respondent and Joseph Kingston signed a Purchase and Sale Agreement relating to a 47.5-percent interest in the Partnership. The purchase price was assumption of \$3 million of Joseph Kingston's "liabilities of" the Partnership. Joseph Kingston agreed to contribute capital to the Partnership in the amount of his share of the Partnership's liabilities exceeding \$3 million. "Final sale [was] contingent upon approval by the California Bureau of Gambling Control."
- 17. On April 19, 2016, Respondent and Joseph Kingston signed a Purchase and Sale Agreement relating to a 50-percent ownership interest in "JTI Inc. dba Sahara Dunes Management, Inc." The purchase price was Respondent's assumption of Joseph Kingston's "debt responsibilities in JTI, Inc." in the amount of \$8,645.58. "Final sale [was] contingent upon approval by the California Bureau of Gambling Control."
- 18. On April 20, 2016, Respondent emailed copies of the agreements described in paragraphs 16 and 17 above, along with a valuation, to the Partnership's designated agent and Ted Kingston. The valuation was dated March 26, 2016, and was submitted by Kyle Kingston, CPA. The valuation purportedly was prepared for the Partnership's "management to be used . . . in succession planning."

- 19. Respondent did not submit the agreements described in paragraphs 16 and 17 above or the valuation to the Bureau for review or to the Commission for approval.
- 20. On or about May 24, 2020, Joseph Kingston passed away. On June 1, 2020, the Commission and the Bureau were notified of the death. At the same time, they were advised: "We will provide information and documents regarding potential disposition of Mr. Kingston's ownership interests in the Casino as soon as they become available." No further information other than Joseph Kingston's Certificate of Death was provided to the Commission or the Bureau.

D. Respondent's Financial Dealings and Associations

21. Despite an annual income of less than \$80,000 and non-substantial net worth, Respondent obtained more than \$1 million in business loans from the unregistered, familially related entities identified in paragraphs 11 and 12 above. Those lenders did not provide Respondent with account statements and did not notify him of, or penalize him for, any defaults. Respondent failed to provide loan documentation requested by the Bureau. Additionally, the Bureau was unable to satisfactorily verify information provided by Respondent with the lenders themselves.

FIRST CAUSE FOR DENIAL OF APPLICATION

(Failure or Refusal To Submit Requested Information)

- 22. Respondent cannot be issued a license because, despite repeated requests by the Bureau, he failed to provide sufficient information or provide requested information at all. This makes him unsuitable for and/or disqualified from licensure. Consequently, Respondent is not eligible for licensure.
- (Bus. & Prof. Code §§ 19854, subd. (b), 19856, subd. (c), 19857, subds. (a) & (b), & 19859, subds. (a) & (b).)

SECOND CAUSE FOR DENIAL OF APPLICATION

(Failure To Make Full and True Disclosure)

23. Respondent cannot be issued a license he has failed to make full and true disclosure of information as necessary to carry out the state's policies relating to licensing, registration, and control of gambling. That information included, among other things, loan

1	documentation, information to satisfactorily verify transactions with unregistered, familially		
2	related entities or persons, explanations for unconventional transactions, and the timely disclosur		
3	of his agreements with Joseph Kingston. Respondent has failed to reveal facts material to		
4	qualification.		
5	(Bus. & Prof. Code §§ 19854, subd. (b), 19856, subd. (c), 19857, subds. (a) & (b), & 19859,		
6	subds. (a) & (b), 19866.)		
7	THIRD CAUSE FOR DENIAL OF APPLICATION		
8	(Unqualified for Licensure)		
9	24. Respondent cannot be issued a license because he cannot satisfy the Commission		
10	that he is qualified for licensure. His association with, involvement in, and use of unregistered,		
11	familially related entities that operate unconventionally, do not employ conventional processes		
12	and documentation, and are not satisfactorily verifiable poses a threat to the public interest of this		
13	state or to effective regulation and control of controlled gambling.		
14	(Bus. & Prof. Code §§ 19854, subd. (b), 19856, subd. (c), 19857, subds. (a) & (b), & 19859,		
15	subds. (a) & (b), 19866.)		
16	<u>PRAYER</u>		
17	WHEREFORE, Complainant requests that following the hearing to be held on the matters		
18	herein alleged a decision be issued:		
19	1. Denying Respondent's application for state gambling licenses;		
20	2 Province Province Andrew Andrew Alexander December 11 and 12 and 15		
21	2. Requiring Respondent to reimburse the Bureau the reasonable costs of		
22	investigating and prosecuting this case, pursuant to Business and Professions Code, section		
23	19930, subdivision (d); and		
24	3. Taking such other and further action as the Commission may deem appropriate.		
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1	Dated: May <u>27</u> , 2022	Volande Mrexa
2	Bacca: 111ay <u>21</u> , 2022	YOLANDA MORROW, Acting Director
3		Bureau of Gambling Control California Department of Justice
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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 health, safety, or welfare requires comprehensive measures be enacted to 5 ensure that gambling is free from criminal and corruptive elements, that it is conducted honestly and competitively, and that it is conducted in suitable 6 locations. 7 (h) Public trust and confidence can only be maintained by strict and comprehensive regulation of all persons, locations, practices, associations, 8 and activities related to the operation of lawful gambling establishments and the manufacture and distribution of permissible gambling equipment. 9 10 To ensure that gambling is conducted honestly, competitively, and free of criminal and corruptive elements, all licensed gambling 11 establishments in this state must remain open to the general public and the access of the general public to licensed gambling activities must not be 12 restricted in any manner, except as provided by the Legislature. However, subject to state and federal prohibitions against discrimination, nothing 13 herein shall be construed to preclude exclusion of unsuitable persons from licensed gambling establishments in the exercise of reasonable business 14 judgment. 15 (k) In order to effectuate state policy as declared herein, it is necessary that gambling establishments, activities, and equipment be 16 licensed, that persons participating in those activities be licensed or registered, that certain transactions, events, and processes involving 17 gambling establishments and owners of gambling establishments be subject to prior approval or permission, that unsuitable persons not be permitted to 18 associate with gambling activities or gambling establishments, and that gambling activities take place only in suitable locations. Any license or 19 permit issued, or other approval granted pursuant to this chapter, is declared to be a revocable privilege, and no holder acquires any vested 20 right therein or thereunder. 21 22 (n) Records and reports of cash and credit transactions involving gambling establishments may have a high degree of usefulness in criminal 23 and regulatory investigations and, therefore, licensed gambling operators may be required to keep records and make reports concerning significant 24 cash and credit transactions. 25 2. Business and Professions Code, section 19811, subdivision (b), provides: 26 Jurisdiction, including jurisdiction over operation and concentration, and supervision over gambling establishments in this state and over all 27 persons or things having to do with the operation of gambling establishments is vested in the commission. 28

1	3.	Business and Professions Code, section 19823, provides:
2		(a) The responsibilities of the commission include, without limitation, all of the following:
3		(1) Assuring that licenses, approvals, and permits are not
4 5		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.
6		(2) Assuring that there is no material involvement, directly or
7		indirectly, with a licensed gambling operation, or the ownership or management thereof, by unqualified or disqualified persons, or by
8		persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.
9		(b) For the purposes of this section, "unqualified person" means a
10		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
11		be disqualified pursuant to the criteria set forth in Section 19859.
12	4.	Business and Professions Code, section 19824, provides in part:
13		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,
14		including, without limitation, the power to do all of the following:
15		* * *
16		(b) For any cause deemed reasonable by the commission, deny any
16 17		application for a license, permit, or approval provided for in this chapter or regulations adopted pursuant to this chapter, limit, condition, or restrict 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
17		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
17 18		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.
17 18 19		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. * * *
17 18 19 20		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
17 18 19 20 21		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
17 18 19 20 21 22	5.	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
17 18 19 20 21 22 23	5.	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. Business and Professions Code, section 19825, provides: The commission may require that any matter that the commission is
17 18 19 20 21 22 23 24	5.	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. 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
17 18 19 20 21 22 23 24 25	5.	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. 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

1 6. Business and Professions Code, section 19850, provides, in pertinent part: 2 Every person who, . . . as owner . . ., either solely or in conjunction with others, deals, operates, caries on, conducts, maintains, or exposes for play and controlled game in this state, or who receives directly or 3 indirectly, any compensation or reward, or any percentage or share of the 4 money or property played, for keeping, running, carrying on any controlled game in this state, shall apply for and obtain from the commission, and 5 shall thereafter maintain, a valid state gambling license, . . . as specified in this chapter[2]. . . 6 7 7. Business and Professions Code, section 19851, provides: The owner of a gambling enterprise^[3] shall apply for and obtain 8 a state gambling license. The owner of a gambling enterprise shall be 9 known as the owner-licensee. (b) Other persons who also obtain a state gambling license, as 10 required by this chapter, shall not receive a separate license certificate, but 11 the license of every such person shall be endorsed on the license certificate that is issued to the owner of the gambling enterprise. 12 13 8. Business and Professions Code section 19852, provides, in pertinent part: Except as provided in Section 19852.2, an owner of a gambling 14 enterprise that is not a natural person shall not be eligible for a state gambling license unless each of the following persons individually applies 15 for and obtains a state gambling license: 16 (a) If the owner is a corporation, then each officer, director, and 17 shareholder, other than a holding or intermediary company, of the owner. The foregoing does not apply to an owner that is either a publicly traded 18 racing association or a qualified racing association. 19 (d) If the owner is a partnership, then every general and limited 20 partner of, and every trustee or person, other than a holding or intermediary company, having or acquiring a direct or beneficial interest in, that 21 partnership owner. 22 23 24 ² Chapter refers to Chapter 5 of the Business and Professions Code, commencing with section 19800. It is also known as the California Gambling Control Act. 25 ³ Business and Professions Code, section 19805, subdivision (m), defines "gambling" 26 enterprise" to mean "a natural person or an entity, whether individual, corporate, or otherwise, that conducts a gambling operation and that by virtue thereof is required to hold a state gambling 27 license under this chapter." A "gambling operation" is defined to mean "exposing for play one or more controlled games that are dealt, operated, carried on, conducted or maintained for 28 commercial gain." (Bus. & Prof. Code, § 19805, subd. (q).)

1			(i) Every employee, agent, guardian, personal representative, lender, or holder of indebtedness of the owner who, in the judgment of the
2			commission, has the power to exercise a significant influence over the gambling operation.
3			gamoning operation.
4		9.	Business and Professions Code section 19854, subdivisions (a) and (b), provide:
5			(a) Every key employee shall apply for and obtain a key employee
6			license.
7			(b) No person may be issued a key employee license unless the person would qualify for a state gambling license.
8			
9		10.	Business and Professions Code section 19856, subdivisions (a) and (c), provide in
10	part:		(a) The burden of proving his or her qualifications to receive
11			any license is on the applicant.
12			***
13			(c) In reviewing an application for any license, the commission shall consider whether issuance of the license is inimical to public health,
14			safety, or welfare, and whether issuance of the license will undermine public trust that the gambling operations with respect to which the license
15			would be issued are free from criminal and dishonest elements and would be conducted honestly.
16		11.	Business and Professions Code section 19857, subdivisions (a) and (b), provide:
17			No gambling license shall be issued unless, based on all the information and documents submitted, the commission is satisfied that the
18			applicant is all of the following:
19			(a) A person of good character, honesty and integrity.
20			(b) A person whose prior activities, criminal record, if any, reputation, habits, and associations do not pose a threat to the public
21			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
22			practices, methods, and activities in the conduct of controlled gambling or
23			in the carrying on of the business and financial arrangements incidental thereto.
24		12.	Business and Professions Code, section 19859, subdivisions (a) and (b), provide:
25			The commission shall deny a license to any applicant who is disqualified for any of the following reasons:
26			
27			(a) Failure of the applicant to clearly establish eligibility and qualification in accordance with this chapter.
28			

1		(b) Failure of the applicant to provide information, documentation, and assurances required by this chapter or requested by the chief, or failure
2 3		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.
4	13.	Business and Professions Code section 19866, provides:
5		An applicant for licensing or for any approval or consent required by
6		this chapter, shall make full and true disclosure of all information to the department and the commission as necessary to carry out the policies of
7		this state relating to licensing, registration, and control of gambling.
8	14.	Business and Professions Code section 19892, subdivision (a), provides:
9		The purported sale, assignment, transfer, pledge, or other disposition of any interest in a partnership or limited liability company that holds a
10		gambling license, or the grant of an option to purchase the interest, is void unless approved in advance by the commission.
11		unless approved in advance by the commission.
12	15.	Business and Professions Code section 19920, provides:
13		It is the policy of the State of California to require that all establishments wherein controlled gambling is conducted in this state be
14		operate in a manner suitable to protect the public health, safety, and general welfare of the residents of the state. The responsibility for the employment
15		and maintenance of suitable methods of operation rests with the owner licensee, and willful or persistent use or toleration of methods of operation
16		deemed unsuitable by the commission or by local government shall constitute grounds for license revocation or other disciplinary action.
17		
18	16.	Business and Professions Code section 19904, provides:
19		The purported sale, assignment, transfer, pledge, or other disposition of any security issued by a corporation that holds a gambling license, or the
20		grant of an option to purchase that security, is void unless approved in advance by the commission.
21		advance by the commission.
22	17.	Business and Professions Code section 19930, subdivisions (b), (d) and (f), provide
23	in pertinent	part:
24		(b) If, after any investigation, the department is satisfied that a license, permit, finding of suitability, or approval should be suspended or
25		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
26		Title 2 of the Government Code.
27		* * *
28		

1		(d) In any case in which the administrative law judge recommends that the commission deny a license, the administrative law judge may,
2		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
3		prosecution of the case * * *
4		ጥ ጥ ጥ
5		(f) For purposes of this section, "costs" include costs incurred for any of the following:
6		(1) The investigation of the case by the department.
7		(2) The preparation and prosecution of the case by the Office
8		of the Attorney General.
9	18.	Business and Professions Code section 19971 provides:
10		This act is an exercise of the police powers of the state for the
11		protection of the health, safety, and welfare of the people of the State of California, and shall be liberally construed to effectuate those purposes.
12	19.	Government Code, section 11504, provides in pertinent part:
13		A hearing to determine whether a right, authority, license, or
14		privilege should be granted, issued, or renewed shall be initiated by filing a statement of issues. The statement of issues shall be a written statement
15		specifying the statues and rules with which the respondent must show compliance by producing proof at the hearing, and in addition, any particular matters that have come to the initiating party and would
16		authorize a denial of the agency sought action
17	20.	California Code of Regulations, title 4, section 12058, provides:
18		(a) When the Commission elects to hold an APA hearing the
19		Commission shall determine whether the APA hearing will be held before an Administrative Law Judge sitting on behalf of the Commission or before the Commission itself with an Administrative Law Judge presiding in
20		accordance with Government Code section 11512. Notice of the APA hearing shall be provided to the applicant pursuant to Government Code
21		section 11500 et seq.
22		(b) The burden of proof is on the applicant to prove his, her, or its qualifications to receive any license or other approval under the Act.
23		
24		(c) A Statement of Issues shall be prepared and filed according to Government Code section 11504 by the complainant.
25		(d) At the conclusion of the evidentiary hearing, when the
26		Commission is hearing the matter, the members of the Commission shall take the matter under submission, may discuss the matter in a closed session meeting, may leave the administrative record open in order to
27		receive additional evidence as specified by the Commission, and may schedule future closed session meetings for deliberation.
28		senerate future crosed session meetings for denociation.

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