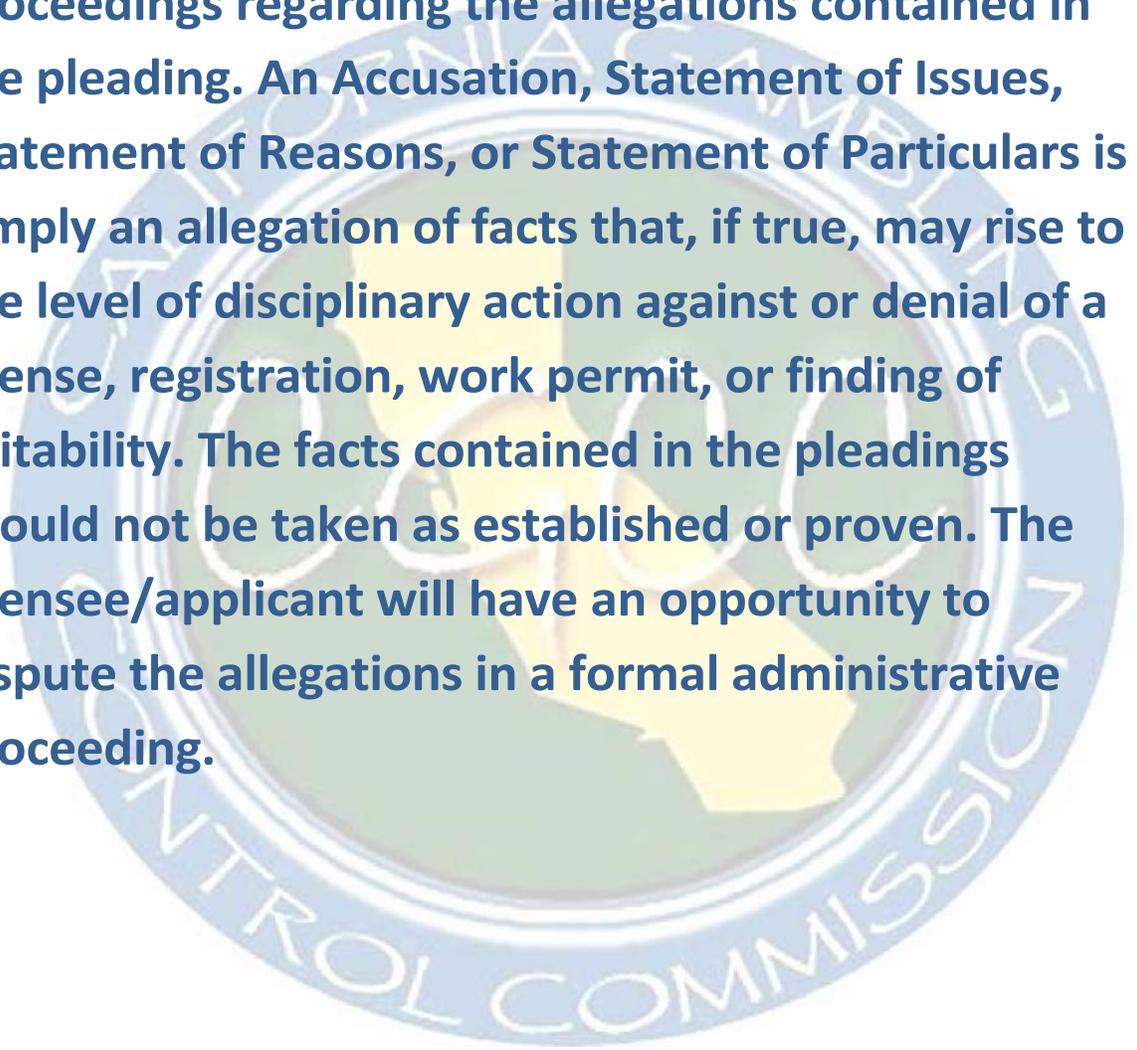


The Commission is providing a copy of this pleading (Accusation, or Statement of Reasons, Statement of Particulars, or Statement of Issues) so the public is as informed as possible of pending administrative proceedings regarding the allegations contained in the pleading. An Accusation, Statement of Issues,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

13 In the Matter of the Statement of Reasons for
14 Denial of Application for a Third-Party
Proposition Player Services License for:

CGCC Case No. CGCC-2020-0123-14
BGC Case No. BGC-HQ2020-00019SL

15 **RONALD JOSEPH ZAMBRANO**
16 [REDACTED]

STATEMENT OF REASONS

17
18 **Respondent,**

19
20
21 Complainant alleges as follows:

22 **PARTIES**

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

26 2. On October 4, 2019, the Bureau received a renewal Application for Third-Party
27 Proposition Player Services License for Supervisor, Player or Other Employee, dated September
28 27, 2019 (Application), from Ronald Zambrano (Respondent) to allow for his employment as a

1 third-party proposition player (prop-player) for Knighted Ventures, LLC (Knighted Ventures), a
2 registered third-party proposition player services provider, registration number TPPP-000109.¹

3 3. Respondent has been employed as a prop-player by Knighted Ventures since August
4 1, 2017. On or about January 11, 2018, the California Gambling Control Commission
5 (Commission) issued Respondent a third-party player interim renewal license, number TPPL-
6 020086, as a prop-player for this employment. Respondent's interim renewal license currently
7 expires on January 31, 2022.

8 4. On or about December 13, 2019, the Bureau submitted a Third-Party Player
9 Background Investigation Report (Report) to the Commission, in which it recommended that
10 Respondent's Application be denied. On or about December 30, 2019, the Bureau submitted an
11 addendum to its Report to the Commission, in which it recommended an additional ground for
12 denial of Respondent's Application.

13 5. On or about January 23, 2020, the Commission referred consideration of
14 Respondent's Application to an evidentiary hearing, which is to be held pursuant to California
15 Code of Regulations, title 4, section 12060.²

16 6. On or about February 14, 2020, Respondent submitted a Notice of Defense.

17 **BURDEN OF PROOF**

18 7. Respondent has the burden of proving his qualifications to receive a license.
19 (Bus. & Prof. Code, § 19856, subd. (a); Cal. Code. Regs., tit. 4, § 12060, subd. (i).)

20 **FIRST CAUSE FOR DENIAL**

21 **((Disqualification – Conviction of Crime of Moral Turpitude))**

22 8. Respondent's Application is subject to denial and his registration subject to
23 revocation or cancellation in that on or about March 25, 2019, Respondent was convicted of

24 ¹ Respondent was required to convert his registration to a license and submit an
25 application for such licensure pursuant to California Code of Regulations, title 4, sections
26 12205.1 and 12218 because Knighted Ventures was summoned, on February 01, 2013, to submit
an application to convert its registration into a license.

27 ² The statutes and regulations applicable to this Statement of Reasons are quoted in
28 pertinent part in Appendix A.

1 violating Penal Code section 647, subdivision (b)(2), solicitation of prostitution, a misdemeanor
2 and crime of moral turpitude,³ in the case of *People v. Ronald Joseph Zambrano* (Super. Ct.
3 Stanislaus County, 2019, No. CR-19-002704). Respondent’s criminal conviction occurred after
4 submission of his Application, and he has not been provided relief from that criminal conviction
5 pursuant to Penal Code sections 1203.4, 1203.4a, or 1203.45.

6 (Bus. & Prof. Code, §§ 19856, 19857, subs. (a) & (b), 19859, subs. (a) [mandatory denial] &
7 (d) [mandatory denial]; Cal. Code. Regs., tit. 4, §§ 12200.18, subd. (b), 12218.11, subs. (c)
8 [mandatory denial] & (e) [mandatory denial].)

9 **SECOND CAUSE FOR DENIAL**

10 **(Disqualified – Failure to Make Full and True Disclosure of Misdemeanor Conviction)**

11 9. Respondent’s Application is subject to denial in that Respondent failed to make a full
12 and true disclosure to the Bureau about the role he played in orchestrating the events that led to
13 his conviction identified in paragraph 8 above.

14 (Bus. & Prof. Code, §§ 19856, 19857, subs. (a) & (b), 19859, subs. (a) [mandatory denial] &
15 (b) [mandatory denial], 19866; Cal. Code. Regs., tit. 4, §§ 12200.18, subd. (b); 12218.11, subs.
16 (e) [mandatory denial] & (f) [mandatory denial].)

17 **PRAYER**

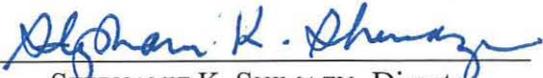
18 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
19 and that following the hearing the Commission issue a decision:

- 20 1. Denying Respondent’s Application for a third-party proposition player license;
21 2. Revoking or cancelling Respondent’s third-party proposition player renewal license,
22 number TPPL-020086; and
23 3. Taking such other and further action as the Commission may deem appropriate.

24 ³ See *People v. Chandler* (1997) 56 Cal.App. 4th 703, 708-709 [“Prostitution is a crime of
25 moral turpitude. [Citations].” “There is no meaningful distinction that would lead us to conclude
26 that engaging in an act of prostitution is a crime of moral turpitude but that soliciting or agreeing
27 to engage in an act of prostitution is not.” (*Rohit v. Holder* (9th Cir. 2012) 670 F.3d 1085, 1090
28 [construing Penal Code section 647, subdivision (b)].) Following similar reasoning, the Tenth
and Eighth Circuits have also recently found solicitation of prostitution to be a crime involving
moral turpitude. (See *Gomez-Gutierrez v. Lynch* (8th Cir. 2016) 811 F.3d 1053, 1058-1059;
Florentino-Francisco v. Lynch (10th Cir. 2015) 611 F. App’x 936, 938-939.)

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Dated: August 25, 2020


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

1 individual owner endorsed on the license certificate of the gambling
2 enterprise whether or not the commission takes action against the
license of the gambling enterprise.

3 * * *

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

6 4. Business and Professions Code, section 19853, subdivision (a), provides, in part:

7 The commission, by regulation or order, may require that the
8 following persons register with the commission, apply for a finding of
9 suitability as defined in subdivision (i) of [Business and Professions
Code, section] 19805, or apply for a gambling license:

10 * * *

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

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

13 (a) The commission, after considering the recommendation of the
14 chief⁵ and any other testimony and written comments as may be
15 presented at the meeting, or as may have been submitted in writing to
the commission prior to the meeting; may either deny the application
or grant a license to an applicant who it determines to be qualified to
hold the license.

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

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

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

22 (e) A decision of the commission denying a license or approval,
23 or imposing any condition or restriction on the grant of a license or
24 approval may be reviewed by petition pursuant to Section 1085 of the
25 Code of Civil Procedure. Section 1094.5 of the Code of Civil
26 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.

27
28 ⁵ "Chief" refers to the Director of the Bureau. (Bus. & Prof. Code, § 19805, subd. (d).)

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

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

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

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

8 (A) To call and examine witnesses.

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

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

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

16 (E) To offer rebuttal evidence.

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

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

28 (b) Nothing in this section confers upon an applicant a right to
discovery of the department's⁶ investigative reports or to require
disclosure of any document or information the disclosure of which is
otherwise prohibited by any other provision of this chapter.

7. Business and Professions Code section 19984, subdivision (b), provides, in part:

The commission shall establish reasonable criteria for, and require
the licensure and registration of, any person or entity that provides
proposition player services to gambling establishments pursuant to this
section, including owners, supervisors, and players The
commission may impose licensing requirements, disclosures,
approvals, conditions, or limitations as it deems necessary to protect

(h.) ⁶ "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd.

1 the integrity of controlled gambling in this state

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

4 If the Commission elects to hold an evidentiary hearing, the
5 hearing will be conducted as a GCA hearing under Section 12060,
6 unless the Executive Director or the Commission determines the
7 hearing should be conducted as an APA hearing under Section
8 12058

9 9. California Code of Regulations, title 4, section 12060, provides:

10 (a) If the Executive Director determines it is appropriate, he or he
11 may set an application for consideration at a GCA hearing in advance
12 of a meeting pursuant to Section 12054. The Executive Director shall
13 give notice to the applicant, pursuant to paragraph (2) subsection (c) of
14 Section 12052, to the Office of the Attorney General, and to the
15 Bureau no later than 90 calendar days in advance of the GCA hearing.
16 The Executive Director's determination will be based on information
17 contained in the Bureau's report or other appropriate sources
18 including, without limitation, a request from the Bureau or applicant
19 as well as the Commission's operational considerations. The
20 Commission retains the authority to refer the matter to an APA
21 hearing pursuant to subsection (a) of Section 12056 or hear the matter
22 at a Section 12054 meeting if the Commission deems it appropriate.

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

28 (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,

(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

1 hearing, the following items.

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

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

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

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

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

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

20 (A) Evidentiary issues;

21 (B) Witness and exhibit lists;

22 (C) Alterations in the Bureau recommendation;

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

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

27 (2) The GCA hearing need not be conducted according to
28 technical rules of evidence. Any relevant evidence may be
considered, and is sufficient in itself to support findings if it is the
sort of evidence on which reasonable 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.

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

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

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

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

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

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

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

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

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

19 10. California Code of Regulations, title 4, section 12200.3, subdivision (g), provides:

21 Registrations, licenses, and badges are specific to the primary
22 owner. Third party proposition player services cannot be provided
23 without first applying for and obtaining a registration, license, or
24 badge.

24 11. California Code of Regulations, title 4, section 12218.1 provides:

25 After a primary owner is licensed, the summons previously issued to
26 that primary owners by the Bureau shall be deemed to apply to all
27 subsequent registrants who become affiliated with that primary owner
28 subsequent to licensure.

1 SPECIFIC STATUTORY PROVISIONS

2 12. Business and Professions Code section 19856 provides:

3 (a) Any person who the commission determines is qualified to
4 receive a state license, having due consideration for the proper
5 protection of the health, safety, and general welfare of the residents of
6 the State of California and the declared policy of this state, may be
7 issued a license. The burden of proving her or his qualifications to
8 receive any license is on the applicant.

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

13 (c) In reviewing an application for any license, the commission
14 shall consider whether issuance of the license is inimical to public
15 health, safety, or welfare, and whether issuance of the license will
16 undermine public trust that the gambling operations with respect to
17 which the license would be issued are free from criminal and dishonest
18 elements and would be conducted honestly.

19 13. Business and Professions Code, section 19857 provides:

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

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

24 (b) A person whose prior activities, criminal record, if any,
25 reputation, habits, and associations do not pose a threat to the public
26 interest of this state, or to the effective regulation and control of
27 controlled gambling, or create or enhance the dangers of unsuitable,
28 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.

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

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

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

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

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* * *

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

15. Business and Professions Code, section 19866 provides:

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

16. California Code of Regulations, title 4, section 12200.18, provides, in part:

The Commission may revoke a registration or license, upon any of the following grounds, after a hearing conducted pursuant to the same procedures applicable to the revocation of a gambling establishment license:

* * *

(b) Any act or omission by the registrant that would disqualify the registrant from obtaining registration under this chapter. Any act or omission by the licensee that would disqualify the licensee from obtaining licensing under this chapter.

* * *

17. California Code of Regulations, title 4, section 12218.11, provides, in part:

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

* * *

(c) The requester has, within the ten (10) year period immediately preceding the submission of the request to convert, been convicted of a misdemeanor involving a firearm or other deadly weapon, gaming or gaming-related activities prohibited by Chapter 9 (commencing with section 319) or Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal Code, violations of the Act, or dishonesty or moral turpitude, unless the applicant has been granted relief pursuant to Penal Code section 1203.4, 1203.4a, or 1203.45, provided, however, that the granting of relief pursuant to Penal Code section

1 1203.4, 1203.4a, or 1203.45 shall not constitute a limitation on the
2 discretion of the Commission.

3 * * *

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

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

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