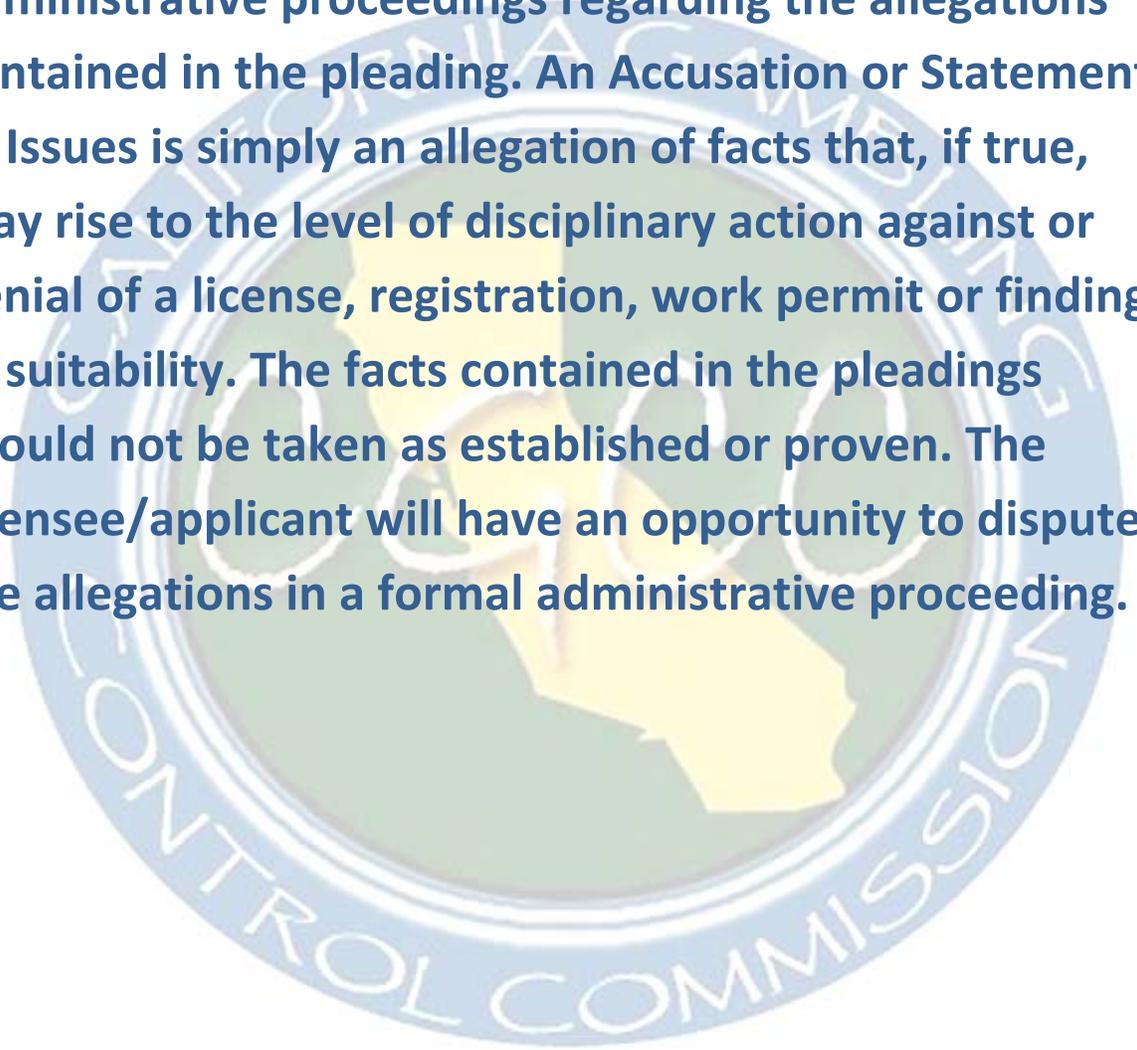


The Commission is providing a copy of this disciplinary pleading (Accusation, or Statement of Reasons, Statement of Particulars, or Statement of Issues) so the public is as informed as possible of pending administrative proceedings regarding the allegations contained in the pleading. An Accusation or 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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8
9 **BEFORE THE**
10 **CALIFORNIA GAMBLING CONTROL COMMISSION**
11 **STATE OF CALIFORNIA**
12

13 **In the Matter of the Statement of Reasons for**
14 **Denial of Renewal License Application**
15 **Regarding:**

16 **DOG NAMED BLUE, INC., DBA**
17 **CALIFORNIA GAMING CONSULTANTS;**
18 **THE RICK BALDARAMOS TRUST; and**
19 **RICHARD BALDARAMOS**

20 **License Number TPPP-000013**

Respondent.

BGC Case No. BGC-HQ2014-00005SL

CGCC Case No: CGCC-2013-0627-7B

STATEMENT OF REASONS

Hearing Date: February 29, 2016

Hearing Time: 10:00 a.m.

21 Complainant alleges as follows:

22 **PARTIES**

- 23 1. Wayne J. Quint, Jr. (Complainant) brings this Statement of Reasons for Denial of
24 License Application for Renewal solely in his official capacity as the Chief of the California
25 Department of Justice, Bureau of Gambling Control (Bureau).
- 26 2. Dog Named Blue, Inc., dba California Gaming Consultants ("Respondent Company"),
27 is licensed by the California Gambling Control Commission ("Commission") as a Third-Party
28 Provider of Proposition Player Services, and has been so licensed since February 21, 2008. From

1 April 21, 2004, through February 20, 2008, Respondent Company operated as a registered Third-
2 Party Provider of Proposition Player Services under the Act.

3 3. Respondent The Rick Baldaramos Trust is endorsed as a shareholder on Respondent
4 Company's Third-Party Provider of Proposition Player Services license (license).

5 4. At all times relevant herein, Respondent Richard Baldaramos (Respondent
6 Baldaramos) was an endorsee on the license as the trustor, trustee, and beneficiary of Respondent
7 The Rick Baldaramos Trust.

8 5. On or about November 30, 2011, the Bureau received a Renewal Application for a
9 Third-Party Provider of Proposition Player Services License, submitted by Respondent Company.

10 6. Because of the settlement of an administrative disciplinary action taken against
11 Respondents as more fully described in paragraphs 11 through 14 below, the Commission's
12 consideration of the renewal application was continued. On or about June 13, 2013, the Bureau
13 submitted a Supplemental Background Report on Respondent Company recommending that its
14 renewal application for a finding of suitability be denied.

15 7. At its June 27, 2013 meeting, the Commission (Commission) referred the
16 determination of Respondents' suitability for renewal licensure to an evidentiary hearing pursuant
17 to California Code of Regulations, title 4,¹ section 12050, subdivision (b) and Business and
18 Professions Code sections 19870 and 19871.

19 8. On or about March 6, 2014, the Bureau completed its Investigation Summary Report
20 on this matter.

21 9. On or about February 25, 2015, with the implementation of modified Commission
22 Regulations, counsel for the Bureau sent to Respondents a cover letter and a package of documents
23 to determine if Respondents intended to appeal the denial of finding of suitability.

24 10. On or about May 8, 2015, the Commission received a Notice of Defense from
25 Respondents.

26
27 ¹ As a convention herein, California Code of Regulations, title 4, is referred to hereafter as
28 "Commission Regulations" or "Commission Regulation."

1 issues set forth in the Accusation. With the extension of the renewal
2 of Respondent Company's license under the conditions as set forth
3 [the Order] it is anticipated Respondent Company's business
practices will continue to be in compliance with the Business and
Professions Code and the Bureau and Commission [R]egulations.

4 14. Pursuant to the Order:

5 At the completion of the 180-day period after the effective date of
6 [the Order], at its next regularly scheduled meeting thereafter, the
7 Commission shall consider the renewal of Respondent Company's
license. If the Commission determines that the conditions of the
8 license have been met and renews Respondent Company's license,
the 30-day suspension . . . will be null and void.

9 Accordingly, Respondent Company's application for renewal was set to be heard by the
10 Commission in October 2012. To allow for the completion of the investigation of the suitability
11 issues set forth below, the Commission extended Respondent Company's state gambling license,
12 but its application for renewal was not approved, and was ultimately referred to hearing as set
13 forth in paragraph 7, above.

14 **FIRST REASON FOR DENIAL OF RENEWAL LICENSE APPLICATION**
15 **(Business and Professions Code Section 19857, subdivisions (a) & (b)—Bad**
16 **Character, Dishonesty, and Lack of Integrity; and Unsuitable Methods and**
17 **Activities in the Conduct of Controlled Gambling or in the Carrying On of the**
Business and Financial Arrangements Incidental Thereto)

18 15. The allegations of paragraphs 1 through 14 above are incorporated here by this
19 reference.

20 16. Respondents' application is subject to denial under Business and Professions Code
21 section 19859, subdivisions (a) and (b), in that Respondent Baldaramos directed his employee to
22 inaccurately and dishonestly report required information in the playing book and suborned perjury
23 in so directing his employee.

24 17. On or about December 18, 2010, Respondent Company had an ongoing agreement to
25 provide third-party proposition player services (Agreement) to Mortimer's Card Room
26 (Mortimer's), which is a licensed gambling establishment located in Marina, California. On or
27 about December 18, 2010, at Mortimers, Respondent Baldaramos directed a subordinate and an
28 employee, and a third-party proposition player for Respondent Company, to under report his

1 winnings on the Company's playing book form by \$14,000. The playing book was falsified as
2 directed and signed by the third-party proposition player employee under penalty of perjury as
3 required under Commission Regulation 12200.12, subdivision (b)(3). Respondent Baldaramos
4 further directed the employee to put the unreported \$14,000 in chips in a safe inside the cage of
5 Mortimer's Card Room. These actions were taken in furtherance of Respondent Baldaramos'
6 intent to conceal the transaction.

7 18. As a result of Respondent Baldaramos' above-described actions, Respondent
8 Company's playing books were falsified in violation of Commission Regulation 12200.13,
9 subdivision (a). Respondent Baldaramos suborned perjury in violation of Penal Code section 127.
10 (See Penal Code, § 129.). Additionally, Respondent Baldaramos' actions constituted a violation of
11 Commission Regulation 12200.18, subdivisions (a), (c), and (f). Finally, the fraudulent placement
12 of funds in the cage violated Commission Regulation 12386, pertaining to cage security and the
13 accountability of transactions occurring there.

14 **SECOND REASON FOR DENIAL OF RENEWAL LICENSE APPLICATION**

15 **(Business and Professions Code Section 19857, Subdivisions (a) & (b)—Bad** 16 **Character, Dishonesty, and Unsuitable Methods and Activities in the Conduct of** 17 **Controlled Gambling or in the Carrying on of the Business and Financial** 18 **Arrangements Incidental Thereto)**

19 19. The allegations of paragraphs 1 through 18 above are incorporated here by this
20 reference.

21 20. Respondents' application is subject to denial under Business and Professions Code
22 section 19857, subdivisions (a) and (b), in that Respondent Baldaramos used the \$14,000
23 referenced in paragraph 17, above, to pay off the gambling debt that the former general manager of
24 Mortimer's owed to Respondent Company.

25 21. On or before December 18, 2010, Respondent Baldaramos became aware of a \$14,000
26 gambling debt that the previous general manager of Mortimer's owed to Respondent Company.
27 Respondent Baldaramos further became aware that Mortimer's was seeking \$15,000 in cardroom
28 promotional costs from Respondent Company. Because such promotional costs were not allowed
under Respondents' agreement with the Mortimer's, as approved by the Bureau, Respondent

1 Baldaramos used the \$14,000 that at his instruction, the third-party proposition player employee
2 had secreted in the cage safe, as described in paragraph 17 above, to pay off the gambling debt of
3 the former general manager in lieu of paying the cardroom promotional costs that had been sought
4 by Mortimer's.

5 22. By paying off the previous general manager's gambling debt to Respondent Company
6 as a form of payment to Mortimer's in lieu of the payment of promotional expenses for the
7 cardroom, Respondent Baldaramos made a payment to Mortimer's that was not authorized under
8 the Bureau approved third-party provider of proposition player services agreement in violation of
9 Commission Regulation 12200.7, subdivision (c)(1), and concealed the nature of the payment in
10 violation of Commission Regulation 12200.18, subdivisions (a), (c), and (f).

11 **THIRD REASON FOR DENIAL OF RENEWAL LICENSE APPLICATION**

12 **(Business and Professions Code Section 19859, Subdivision (b))--Failure to**
13 **Disclose Facts Material to Qualifications; and/or Section 19857, subdivisions**
14 **(a) and (b)--Bad Character, Dishonesty, and Unsuitable Methods and**
15 **Activities in the Conduct of Controlled Gambling or in the Carrying On of the**
16 **Business and Financial Arrangements Incidental Thereto)**

17 23. The allegations of paragraphs 1 through 22 above are incorporated here by this
18 reference.

19 24. Respondents' application is subject to mandatory denial under Business and
20 Professions Code section 19859, subdivision (b), and/or a discretionary denial under Business and
21 Professions Code, section 19857, subdivisions (a) or (b) because of Respondents' failure to
22 disclose material facts and dishonest and unsuitable conduct in relation to joint venture funding
23 received from an undisclosed and unlicensed source.

24 25. On or about January 4, 2010, Respondent Company received \$200,000 from the vice-
25 president of Gaming Fund Group, Inc. (GFG), which is also a licensed as a Third-Party Provider
26 of Proposition Player Services. This \$200,000 payment was for purposes of a joint venture
27 between Respondent Company and GFG., under which profits and losses from the provision of
28 third-party proposition player services under the agreement with Mortimers would be split evenly,
with a cap of \$200,000 on the CFG vice-president's share profits. Respondents did not disclose

1 this agreement to the Bureau. Further, neither GFG nor its vice-president applied for owners'
2 licenses in relation to Respondent Company.

3 26. By failing to disclose the financial investment and business arrangement set forth
4 above, and by failing to have GFG and its vice-president apply for owners' licenses, Respondents
5 violated Commission Regulations 12200.7, subdivision (b)(9) and (c), 12200.18, subdivisions (a),
6 (c), and (f), and 12218.8, subdivision (b); and conspired with GFG and its vice president to
7 commit a violation of Business & Professions Code section 19850.

8 JURISDICTION

9 27. This Statement of Reasons is brought before the Commission pursuant to the authority
10 detailed in paragraphs 28 through 39 below.

11 28. Business and Professions Code section 19810 states:

12 Except as otherwise provided in this chapter, any power or
13 authority of the department^[2] described in this chapter may be
14 exercised by the Attorney General or any other person as the
15 Attorney General may delegate.

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

17 (b) Jurisdiction, including jurisdiction over operation and
18 concentration, and supervision over gambling establishments in this
19 state and over all persons or things having to do with the operations
20 of gambling establishments is vested in the commission.

21 30. Business and Professions Code section 19826 provides in part as follows:

22 The department shall have all of the following responsibilities:

23 (a) To investigate the qualifications of applicants before any
24 license, permit, or other approval is issued, and to investigate any
25 request to the commission for any approval that may be required
26 pursuant to this chapter. The department may recommend denial or
27 the limitation, conditioning, or restriction of any license, permit or
28 other approval.

31. Business and Professions Code section 19811, in relevant part, states:

(b) Jurisdiction, including jurisdiction over operation and
concentration, and supervision over gambling establishments in this

2 The "department" referred to in the Act, is the Department of Justice (Bus. & Prof. Code, § 19805, subd. (h)). The Bureau of Gambling Control is within the Department of Justice, Division of Law Enforcement.

1 state and over all persons or things having to do with the operation
2 of gambling establishments is vested in the commission.

3 32. Business and Professions Code section 19823 provides as follows:

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

6 (1) Assuring that licenses, approvals, and permits are
7 not issued to, or held by, unqualified or disqualified
8 persons, or by persons whose operations are conducted in
9 a manner that is inimical to the public health, safety, or
10 welfare.

11 (2) Assuring that there is no material involvement,
12 directly or indirectly, with a licensed gambling operation, or
13 the ownership or management thereof, by unqualified or
14 disqualified persons, or by persons whose operations are
15 conducted in a manner that is inimical to the public health,
16 safety, or welfare.

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

22 33. Business and Professions Code section 19824 provides in part as follows:

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

27 * * *

28 (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.

* * *

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

1 34. During all times relevant to Respondent Owner's renewal application in this Statement
2 of Issues, Business and Professions Code section 19876 provided as follows:

3 (a) Subject to the power of the commission to deny, revoke,
4 suspend, condition, or limit any license, as provided in this chapter,
5 a license shall be renewed upon application for renewal and payment
6 of state gambling fees as required by statute or regulation. . . .

7 (b) An application for renewal of a gambling license shall be
8 filed by the owner licensee or key employee with the commission no
9 later than 120 calendar days prior to the expiration of the current
10 license. The commission shall act upon any application for renewal
11 prior to the date of expiration of the current license. Upon renewal
12 of any owner license, the commission shall issue an appropriate
13 renewal certificate or validating device or sticker.

14 (c) Unless the commission determines otherwise, renewal of an
15 owner's gambling license shall be deemed to effectuate the renewal of
16 every other gambling license endorsed thereon.

17 (d) In addition to the penalties provided by law, any owner licensee
18 who deals, operates, carries on, conducts, maintains, or exposes for play
19 any gambling game after the expiration date of the gambling license is
20 liable to the state for all license fees and penalties that would have been
21 due upon renewal.

22 (e) If an owner licensee fails to renew the gambling license as
23 provided in this chapter, the commission may order the immediate
24 closure of the premises and a cessation of all gambling activity therein
25 until the license is renewed.

26 35. Business and Professions Code section 19870 provides in part as follows:

27 (a) The commission, after considering the recommendation of
28 the chief and any other testimony and written comments as may be
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.

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

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

1 (d) All proceedings at a meeting of the commission relating to a
2 license application shall be recorded stenographically or on
3 audiotape or videotape.

4 36. Business and Professions Code section 19871 provides as follows:

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

8 (1) Oral evidence shall be taken only upon oath or
9 affirmation.

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

11 (A) To call and examine witnesses.

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

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

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

19 (E) To offer rebuttal evidence.

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

22 (4) The meeting need not be conducted according to
23 technical rules relating to evidence and witnesses. Any relevant
24 evidence may be considered, and is sufficient in itself to support a
25 finding, if it is the sort of evidence on which responsible persons are
26 accustomed to rely in the conduct of serious affairs, regardless of the
27 existence of any common law or statutory rule that might make
28 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 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.

1 37. Commission Regulation section 12054 provides in pertinent part as follows:

2 (a) At a non-evidentiary hearing meeting, the Commission may
3 take, but is not limited to taking, one of the following actions:

4 * * * *

5 (2) Elect to hold an evidentiary hearing in accordance with
6 Section 12056 and, when for a renewal application, issue an interim
7 renewal license pursuant to Section 12035. The Commission shall
8 identify those issues for which it requires additional information or
9 consideration related to the applicant's suitability.

10 38. Commission Regulation section 12056 provides in pertinent part as follows:

11 (a) If the Commission elects to hold an evidentiary hearing, the
12 hearing will be conducted as a GCA hearing under Section 12060,
13 unless the Executive Director or the Commission determines the
14 hearing should be conducted as an APA hearing under Section
15 12058. The evidence shall be presented by the complainant, which
16 is selected by the Executive Director or the Commission, and may be
17 either the Bureau or advocates of the Commission. If an advocate of
18 the Commission is selected, the determination shall include a list of
19 employees of the Commission who shall be designated as an
20 advocate of the Commission.

21 (b) Nothing in this section, Section 12058 or Section 12060
22 confers upon an applicant a right to discovery of the Commission's
23 or Bureau's confidential information or to require production of any
24 document or the disclosure of information which is otherwise
25 prohibited by any provision of the Act, or is privileged from
26 disclosure or otherwise made confidential by any other provision of
27 law. Documentary evidence may be redacted as needed to prevent
28 the disclosure of confidential information. Exculpatory or
mitigating information shall be provided to the applicant, but any
confidential information may be redacted by the Bureau.

(c) Under either an APA or a GCA hearing, all parties will bear
their own costs. This does not prevent the Bureau from requiring
that additional sums be deposited pursuant to Business and
Professions Code section 19867 for any necessary supplemental
investigations.

39. Commission Regulation section 12060 provides in pertinent part as follows:

(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 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 90 calendar

1 days in advance of the GCA hearing. The Executive Director's
2 determination will be based on information contained in the
3 Bureau's report or other appropriate sources including, without
4 limitation, a request from the Bureau or applicant as well as the
5 Commission's operational considerations. The Commission
6 retains the authority to refer the matter to an APA hearing
7 pursuant to subsection (a) of Section 12056 or hear the matter at a
8 Section 12054 meeting if the Commission deems it appropriate.

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

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

- 19 (1) A member of the Commission's legal staff; or,
- 20 (2) An Administrative Law Judge.

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

26 (e) The complainant shall provide to the applicant, at least 45
27 calendar days prior to the GCA hearing, and the applicant shall
28 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

1 conduct a pre-hearing conference, either in person, via
2 teleconference, or by email exchange, subject to the presiding
3 officer's availability and shall issue a pre-hearing order if appropriate
4 or requested by either party. The pre-hearing conference and order
5 may address the following:

6 (A) Evidentiary issues;

7 (B) Witness and exhibit lists; (c) Under either
8 an APA or a GCA hearing, all parties will bear
9 their own costs. This does not prevent the Bureau
10 from requiring that additional sums be deposited
11 pursuant to Business and Professions Code section
12 19867 for any necessary supplemental
13 investigations.

14 (C) Alterations in the Bureau
15 recommendation;

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

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

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

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

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

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

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

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

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

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

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

19 OTHER MATERIAL STATUTORY AND REGULATORY PROVISIONS

20 40. Business and Professions Code section 19805 provides in part as follows:

21 As used in this chapter, the following definitions shall apply:

22 * * *

23 (b) "Applicant" means any person who has applied for, or is
24 about to apply for, a state gambling license, . . . or an approval of
25 any act or transaction for which the approval or authorization of the
26 commission or department is required or permitted under this
27 chapter.

28 * * *

(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.

(e) "Commission" means the California Gambling Control
Commission.

* * *

(h) "Department" means the Department of Justice.

* * *

(m) "Gambling enterprise" means a natural person or an entity,
whether individual, corporate, or otherwise, that conducts a

1 gambling operation and that by virtue thereof is required to hold a
2 state gambling license under this chapter.

3 * * *

4 (p) "Gambling license" or "state gambling license" means any
5 license issued by the state that authorizes the person named therein
6 to conduct a gambling operation.

7 * * *

8 (aj) "Renewal license" means the license issued to the holder of
9 an initial license that authorizes the license to continue beyond the
10 expiration date of the initial license.

11 41. Business and Professions Code section 19850, subdivisions (d) and (h), states:

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

23 42. Business and Professions Code section 19852, subdivisions (d) and (h), states in part:

24 [A]n owner of a gambling enterprise that is not a natural person
25 shall not be eligible for a state gambling license unless each of the
26 following persons individually applies for and obtains a state
27 gambling license:

28 * * *

(d) If the owner is a partnership, then every general and limited
partner of, and every trustee or person, other than a holding or
intermediary company, having or acquiring a direct or beneficial
interest in, that partnership owner.

* * *

(h) Each person who receives, or is to receive, any percentage
share of the revenue earned by the owner from gambling activities.

43. Under Business and Professions Code section 19856, subdivision (a), the burden of
proving his or her qualifications to receive any license is on the applicant.

1 44. Business and Professions Code section 19857 provides:

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

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

6 (b) A person whose prior activities, criminal record, if any,
7 reputation, habits, and associations do not pose a threat to the public
8 interest of this state, or to the effective regulation and control of
9 controlled gambling, or create or enhance the dangers of unsuitable,
10 unfair, or illegal practices, methods, and activities in the conduct of
11 controlled gambling or in the carrying on of the business and
12 financial arrangements incidental thereto.

13 (c) A person that is in all other respects qualified to be licensed
14 as provided in this chapter.

15 45. Business and Professions Code section 19859 provides in part as follows:

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

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

20 * * *

21 (b) Failure of the applicant to provide information, documentation,
22 and assurances required by this chapter or requested by the chief, or
23 failure of the applicant to reveal any fact material to qualification . . .

24 46. Penal Code section 127 states: "Every person who willfully procures another person
25 to commit perjury is guilty of subornation of perjury, and is punishable in the same manner as he
26 would be if personally guilty of the perjury so procured."

27 47. Penal Code section 129 states: "Every person who, being required by law to make any
28 return, statement, or report, under oath, willfully makes and delivers any such return, statement, or
report, purporting to be under oath, knowing the same to be false in any particular, is guilty of
perjury, whether such oath was in fact taken or not."

1 48. Unless otherwise stated, all references to Commission Regulations are to title 4 of the
2 California Code of Regulations. Commission Regulation 12200, states in pertinent part:

3 (b) As used in this chapter: * * *

4 (16) "Owner" includes all of the following:

5 * * *

6 (B) Any individual specified in Business and
7 Professions Code section 19852, subdivisions (a)
through (h).

8 49. Commission Regulation 12360, states in pertinent part:

9 (a) "Cage bank" means a fund consisting of monetary assets
10 including, but not limited to, gambling chips, cash, and cash
equivalents, maintained inside a cage for use in gambling operations.

11 A Cage bank is commonly referred simply as a cage. Under Commission Regulation 12386, a
12 cage in a gambling establishment is required to abide strict policies and procedures that restrict
13 access to the cage to authorized personnel, maintain the security of the cage, and assure
14 accountability for all monetary transactions occurring there.

15 50. Commission Regulation 12200.07 states in pertinent part:

16 (b) Each proposition player contract shall specifically require all
17 of the following to be separately set forth at the beginning of the
contract in the following order:

18 * * *

19 (9) That proposition player services may be provided only
20 by authorized players with current registration or licensing under
this chapter.

21 * * *

22 (c)(1) Except as expressly authorized by this subsection, a
23 proposition player contract shall not include any provision
authorizing payment to or receipt by the house, or a designee
24 thereof, of any share of the profits or revenues of a registrant or a
licensee. Any payments made by a registrant or licensee to the
25 house for a purpose determined by agreement with the house shall
be specifically authorized by the proposition player contract. All
26 payments shall be specified in the contract. The contract shall
identify the total charge for each of the following categories:
27 services, facilities, and advertising. In addition, the contract shall
include a detailed list, excluding specific costs, of the items provided
28 or received in each of these categories.

1 51. Commission Regulation 12200.13 states in part:

2 (a) The primary owner shall be responsible for assuring that its
3 players maintain accurate, complete, and up-to-date playing books
4 for all sessions of play worked in conformity with regulations of the
5 Commission. The information in the playing-book record shall be
6 transferred to the primary owner, or a supervisor designated by the
7 primary owner at the end of each session of play. The primary owner
8 shall maintain this information in English at a single location in the
9 State of California, and shall maintain the original playing book
10 records in the State of California for at least five (5) years. The
11 location or locations where the records of this information and the
12 original playing book records are maintained, and any change
13 therein, shall be disclosed to the Commission and Bureau by written
14 notice, mailed or delivered within five (5) business days after
15 establishing or changing such a location.

16 (b) The playing book shall be prepared and maintained as
17 follows:

18 * * *

19 (1) The playing book form shall be reviewed and approved
20 or disapproved during the review of the contract by the Bureau.

21 * * *

22 (3) The form for each session of play shall be time-stamped,
23 dated, and signed under penalty of perjury by the person who
24 prepared it and shall include a declaration in the following form: "I
25 declare under penalty of perjury under the laws of the State of
26 California that the foregoing is true and correct."

27 52. Commission Regulation 12200.18 states in part:

28 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:

(a) The registrant or licensee committed, attempted to commit,
or conspired to commit any acts prohibited by the Act or this
chapter.

(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.

(c) The registrant or licensee engaged in any dishonest,
fraudulent, or unfairly deceptive activities in connection with
controlled gambling, including any violation of laws related to
cheating.

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(f) The registrant or licensee concealed or refused to disclose any material fact in any inquiry by the Bureau or the Commission.

(g) The registrant or licensee committed, attempted, or conspired to commit any embezzlement or larceny against a gambling licensee or proposition player registrant or on the premises of a gambling establishment.

* * * *

(l) Any owner knowingly permitted one or more of the owner's supervisors or players to commit any act described in subsections (a) to (k), inclusive.

(m) Any owner knew, or failed to implement reasonable oversight procedures that would have apprised the owner, that one or more of the registrants or licensees was in violation of one or more provisions of this chapter or of the Act and failed or refused to take action to prevent the recurrence of the violation or violations.

53. Commission Regulation 12560 states in part:

(b) A license or registration granted by the Commission for an owner of a third-party provider of proposition player services, as that term is used in California Code of Regulations, Title 4, Section 12200, shall be subject to a minimum discipline of suspension of five days from either specified gambling establishments or all gambling establishments, as the circumstances and factors in mitigation or aggravation apply, and a maximum discipline of revocation, which may be stayed on terms and conditions and any monetary penalty as described in Section 12554 (d)(7) of this chapter, if the Commission finds that:

(1) The owner has violated or is out of compliance with any conditions, limitations, orders, or directives imposed by the Commission, either as part of an initial grant of license or registration, renewal of such, or pursuant to disciplinary action,

(4) The owner has engaged in any dishonest, fraudulent, or deceptive activities in connection with controlled gambling or the provision of proposition player services,

* * * *

(7) The owner has provided proposition player services in violation of California Code of Regulations, Title 4, Section 12200.7, subsection (b)(9) or (b)(11),

(8) The owner has failed to fully disclose financial arrangements in violation of California Code of Regulations, Title 4, Section 12200.7, subsection (b)(15),

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(11) The owner has failed to have the proposition player contract approved, in violation of California Code of Regulations, Title 4, Section 12200.7, subsection (b)(22), or Section 12200.9,

(20) The owner has violated the provisions regarding playing books listed in California Code of Regulations, Title 4, Section 12200.13,

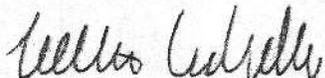
(21) The owner has committed any of the acts listed in California Code of Regulations, Title 4, Section 12200.18, subsections (a), (b), (d), (e), (f), (i), (j), (l), (m), or (n).

PRAYER

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

1. Denying Respondents' Renewal Application for a license as a Provider of Third-Party Proposition Player Services; and
2. Taking such other and further action as the Commission may deem appropriate.

Dated: January 15, 2016



WAYNE J. QUINT, JR., Chief
Bureau of Gambling Control
California Department of Justice
Complainant