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BEFORE THE
CALIFORNIA GAMBLING CONTROL COMMISSION
STATE OF CALIFORNIA

In the Matter of the First Amended Statement of
Reasons for Denial of Applications for Renewal
of State Gambling Licenses for:

SAU CUNG PHONG, INC.,
d.b.a.: **CASINO MARYSVILLE**, and
SAU CUNG PHONG, President, Treasurer,
Secretary, Director and Sole Shareholder.

515 4th Street
Marysville, California 95901

Respondents.

CGCC Case No. CGCC-2018-0426-7C
BGC Case No. BGC-HQ2018-00024SL

**FIRST AMENDED STATEMENT OF
REASONS**

Hearing Date: February 26 & 27, 2019
Hearing Time: 10:00 a.m.
Hearing Place: 2399 Gateway Oaks, Suite 100
Sacramento, CA 95833

Complainant alleges as follows:

PARTIES

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

1 2. On September 1, 2017, the Bureau received an Application for State Gambling
2 License, dated August 28, 2018, submitted by Sau Cung Phong, Inc., to renew its state gambling
3 license, number GEOW-003301,¹ as well as the state gambling license for Casino Marysville,
4 number GEGE-001280.

5 3. On September 12, 2017, the Bureau received an Application for State Gambling
6 License, dated September 8, 2017, submitted by Sau Cung Phong, to renew his state gambling
7 license, number GEOW-003322, as the President and sole shareholder of Sau Cung Phong, Inc.

8 4. Sau Cung Phong, Inc., Casino Marysville, and Sau Cung Phong are hereinafter
9 referred to collectively as Respondents. The two applications submitted by Respondents to renew
10 their state gambling licenses are hereinafter referred to collectively as Applications.

11 5. Respondents have been continuously licensed by the California Gambling Control
12 Commission (Commission) since July 19, 2006.

13 6. On or about March 20, 2018, the Bureau issued its Gambling Establishment and
14 Owner Renewal Report in which it recommended that Respondents' Applications to renew their
15 state gambling licenses be denied.

16 7. At its April 26, 2018, meeting, the Commission referred consideration of
17 Respondents' Applications to an evidentiary hearing, which is to be held pursuant to California
18 Code of Regulations, title 4, section 12060.² At that meeting, the Commission also issued
19 Respondents interim renewal licenses,³ which are valid through December 31, 2019 or the
20 conclusion of the evidentiary hearing process, whichever comes first.

21 8. Respondents submitted a Notice of Defense, which is dated May 15, 2018.

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24 ¹ Business and Professions Code section 19851, provides that the owner of a gambling
25 enterprise must obtain a state gambling license and that other persons, as required by the
26 Gambling Control Act (Bus. & Prof. Code, § 19800 et seq.), shall also apply for a state gambling
license. However, those persons shall not receive a separate license certificate. They shall be
endorsed on the license certificate that is issued to the owner.

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

28 ³ Footnote 1, *supra*.

1 **BURDEN OF PROOF**

2 9. Respondents have the burden of proving that they are suitable for licensure and
3 qualified to have their state gambling licenses renewed. (Bus. & Prof. Code, § 19856, subd. (a).)

4 **FIRST CAUSE FOR DENIAL**

5 **(Violation of Pen. Code section 330.11 – Occupying the Player-Dealer Position – No Bust
6 Blackjack)**

7 10. Respondents' Applications are subject to denial because on or about March 9, 2018,
8 and on multiple, presently unknown occasions prior thereto, Respondents violated Penal Code
9 section 330.11.⁴ Respondents, who are the house,⁵ occupied the player-dealer position⁶ in the
10 game of No Bust Blackjack, which is a controlled game,⁷ that Respondents offered for play, when
11 there was no third-party proposition player services provider employee present at the table.
12 (Bus. & Prof. Code, §§ 19856, 19857, 19859, subd. (a) [mandatory denial], 19920 &
13 19922; Penal Code, § 330.11; Cal. Code. Regs., tit. 4, § 12346, subd. (a)(1) [mandatory
14 denial].)

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20 ⁴ Penal Code section 330.11 provides in pertinent part that “[t]he house shall not occupy
21 the player-dealer position.”

22 ⁵ “‘House’ means the gambling enterprise, and any owner, shareholder, partner, key
23 employee, or landlord thereof.” (Bus. & Prof. Code, § 19805, subd. (t).)

24 ⁶ “‘Player-dealer’ and ‘controlled game featuring a player-dealer position’ refer to a
25 position in a controlled game, as defined by the approved rules for that game, in which seated
26 player participants are afforded the temporary opportunity to wager against multiple players at the
27 same table, provided that this position is rotated amongst the other seated players in the game.”
(Bus. & Prof. Code, § 19805, subd. (ag).)

28 ⁷ “‘Controlled game’ means any controlled game, as defined in subdivision (e) of Section
337j of the Penal Code.” (Emphasis added.) (Bus. & Prof. Code, § 19805, subd. (g).) Penal
Code section 337j, subdivision (e)(1), provides in pertinent part that “[a]s used in this section
‘controlled game’ means any poker or Pai Gow game, and any other game played with cards or
tiles, or both, and approved by the Department of Justice,”

1 **SECOND CAUSE FOR DENIAL**

2 **(Violation of Marysville Municipal Code section 5.28.210, subdivision (3), - Impermissible**
3 **Use of a Dealer)**

4 11. Respondents' Applications are subject to denial because on or about March 9, 2018,
5 and on multiple, presently unknown occasions prior thereto, Respondents' employed persons to
6 deal cards at the controlled games it offered for play. During that time, Respondents' dealers⁸ did
7 more than merely deal cards in the games. They participated in the actual play of the games,
8 which included No Bust Blackjack, as described in paragraph 10 above and incorporated herein
9 by reference. Such conduct violated Marysville Municipal Code section 5.28.210, subdivision
10 (3), which provides in pertinent part that "[t]he dealer shall not participate in any other capacity,
11 and shall not be permitted to place any bet."

12 (Bus. & Prof. Code, §§ 19856, 19857, 19859, subd. (a) [mandatory denial], 19920, 19922
13 & 19923; Penal Code, § 330.11; Cal. Code. Regs., tit. 4, § 12346, subd. (a)(1) [mandatory
14 denial].)

15 **THIRD CAUSE FOR DENIAL**

16 **(Violation of Pen. Code section 337j, subd. (a)(2), and/or Bus. & Prof. Code section 19984,**
17 **subd. (a) – Interest in Funds Wagered)**

18 12. Respondents' Applications are subject to denial because on or about March 2018, and
19 on multiple, presently unknown occasions prior thereto, Respondents had an interest in funds
20 wagered in controlled games they carried on and offered for play, in violation of Penal Code
21 section 337j, subdivision (a)(2),⁹ and/or Business and Professions Code section 19984,
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23 ⁸ "Dealer" is not synonymous with "player-dealer." A dealer is an employee of the
24 cardroom that deals the cards for every hand that is played in a game, regardless of which
25 participant in the game occupies the "player-dealer" position. The dealer does not participate in
the play of the game, as opposed to the "player-dealer," who does participate in the play of the
game as described in footnote 6, *supra*.

26 ⁹ Penal Code section 337j, subdivision (a)(2), provides that it is unlawful "[t]o receive,
27 directly or indirectly, any compensation or reward or any percentage or share of the revenue, for
28 keeping, running, or carrying on any controlled game."

1 subdivision (a).¹⁰ As described in paragraph 10 and incorporated herein by reference,
2 Respondents, who are the house, had a financial interest in the funds wagered, lost or won in No
3 Bust Blackjack. Respondents also had a financial interest in the funds wagered, lost or won in the
4 controlled games of poker¹¹ that were offered for play. Respondents staked certain employees
5 \$100 to play in poker games. Respondents would then recover the stakes they put at risk, as well
6 as all the employees' winnings, if their employees prevailed. Respondents would absorb all the
7 losses of their stakes if their employees were defeated in playing the poker games.
8 (Bus. & Prof. Code, §§ 19856, 19857, 19859, subd. (a) [mandatory denial], 19920, 19922 &
9 19984; Pen. Code, § 337j, subd. (a)(2); Cal. Code. Regs., tit. 4, § 12346, subd. (a)(1) [mandatory
10 denial].)

11 **FOURTH CAUSE FOR DENIAL**

12 **(Failure to Comply with the Gambling Control Act and the Regulations Promulgated** 13 **Thereunder)**

14 13. Respondents' Applications are subject to denial because they have demonstrated a
15 pattern and practice of an unwillingness or inability to comply with the requirements of the
16 Gambling Control Act and the regulations promulgated thereunder. In addition to the conduct
17 alleged in paragraphs 10 thru 12 above and incorporated herein by reference, Respondents
18 engaged in the following conduct:

19 a. On or about March 9, 2018, Respondents were operating in violation of
20 Penal Code section 330.11. The player-dealer position was not being
21 systematically rotated in the Respondent's No Bust Blackjack game. The player-
22 dealer position was not rotated to a Bureau undercover agent who was playing in
23 the game. The agent was not allowed to occupy the player-dealer position when it
24 was time to rotate that position.

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26 ¹⁰ Business and Professions Code section 19984, subdivision (a), provides in pertinent
27 part that "... in no event shall a gambling enterprise or the house have any interest, whether
direct or indirect, in funds wagered, lost, or won."

28 ¹¹ Footnote 7, *supra*.

1 b. On or about March 9, 2018, Respondents were offering for play a
2 gaming activity which was not authorized by the Bureau in violation of California
3 Code of Regulations, title 11, section 2070, subdivision (b). Respondents were
4 offering for play a version of the game of No Bust Blackjack in which a player
5 was not allowed to assume the player-dealer position unless the player was willing
6 to put at risk at least twice the table action in chips. That version of No Bust
7 Blackjack was not approved by the Bureau for play by Respondents. The
8 approved rules provide that “[t]he Player/Dealer is never required to cover all the
9 opposing player’s *[sic]* wagers. A Player/Dealer can only win or lose as much as
10 they have placed on a table to cover a portion or all of the wagers. If there is not
11 enough money from the Player/Dealer position to cover all winning wagers, there
12 will be no refund, fee collection, or other form of rebate given to the affected
13 players.”¹²

14 c. On or about March 12, 2018, Respondents were operating in violation
15 of California Code of Regulations, title 4, section 12396, subdivision (a)(8).
16 Respondents failed to provide the Bureau with copies of requested surveillance
17 video footage despite being given multiple opportunities to do so.

18 d. On or about October 4, 2017, Respondents were operating in violation
19 of California Code of Regulations, title 11, section 2050, subdivision (a).
20 Respondents failed to have a key employee or owner present in the cardroom at all
21 times that it was open to the public.

22 e. On or about October 4, 2017, Respondents were operating in violation
23 of California Code of Regulations, title 4, section 12396, subdivision (a)(1).
24 Respondents’ video surveillance system was non-compliant with the applicable
25 regulatory requirements.

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¹² No Bust Blackjack, Standard Rules, 10/12/2006, page 8, rule 17.

1 f. On or about August 30, 2017, Respondents were operating in violation
2 of California Code of Regulations, title 11, section 2050, subdivision (a).

3 Respondents failed to have a key employee or owner present in the cardroom at all
4 times that it was open to the public.

5 g. On or about August 10, 2016, Respondents were operating in violation
6 of California Code of Regulations, title 11, section 2050, subdivision (a).

7 Respondents failed to have a key employee or owner present in the cardroom at all
8 times that it was open to the public.

9 h. On or about August 10, 2016, Respondents were operating in violation
10 of California Code of Regulations, title 4, section 12387, subdivision (a)(1).

11 Respondents failed to lock the cardroom's podium.

12 i. On or about May 12, 2016, Respondents were operating in violation of
13 California Code of Regulations, title 4, section 12200.21, subdivision (a), as
14 operative in 2016, and Penal Code section 330.11. The player-dealer position was
15 not being continuously and systematically rotated in the Respondent's "Blackjack"
16 games. A Bureau undercover operator played 40 to 50 hands of blackjack, during
17 which time the player-dealer position was never offered or rotated.

18 j. On or about October 22, 2015, Respondents were operating in violation
19 of California Code of Regulations, title 4, section 12384, subdivision (a)(3)(C).

20 Identifiers on the drop boxes were not visible on the surveillance coverage during
21 the drop count process.

22 (Bus. & Prof. Code, §§ 19856, 19857, 19859, subd. (a) [mandatory denial], 19920 & 19922; Cal.
23 Code. Regs., tit. 4, § 12346, subd. (a)(1) [mandatory denial].)

24 **PRAYER**

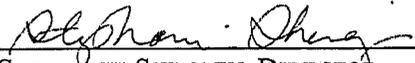
25 WHEREFORE, Bureau Director Shimazu requests that following the hearing to be held on
26 the matters herein alleged, the Commission issue a decision:

27 1. Denying the application to renew the state gambling license for Sau Cung Phong,
28 Inc.;

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2. Denying the application to renew the state gambling license for Casino Marysville;
3. Denying the application to renew the state gambling license for Sau Cung Phong; and
4. Taking such other and further action as the Commission may deem appropriate.

Dated: December 17, 2018


STEPHANIE SHIMAZU, DIRECTOR
California Department of Justice
Bureau of Gambling Control
Complainant

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

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

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

6 5. Business and Professions Code section 19870 provides:

7 (a) The commission, after considering the recommendation of
8 the [Bureau] chief and any other testimony and written comments as
9 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
10 application or grant a license to an applicant who it determines to be
qualified to hold the license.

11 (b) When the commission grants an application for a license or
12 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.

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

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

17 (e) A decision of the commission denying a license or approval,
18 or imposing any condition or restriction on the grant of a license or
approval may be reviewed by petition pursuant to Section 1085 of the
19 Code of Civil Procedure. Section 1094.5 of the Code of Civil
20 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.

21 6. Business and Professions Code section 19871 provides:

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

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

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

26 (A) To call and examine witnesses.

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

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

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

(E) To offer rebuttal evidence.

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

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

(b) Nothing in this section confers upon an applicant a right to discovery of the department's^[13] 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. California Code of Regulations, title 4, section 12056, subdivision (a) provides, in part:

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

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

(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 days in advance of the GCA hearing. The Executive Director's determination will be based on information contained in the Bureau's report or other appropriate sources including, without limitation, a request from the Bureau or applicant as well as the Commission's operational considerations. The

¹³ "Department" refers to the Department of Justice, Bureau of Gambling Control. (Bus. & Prof. Code, § 19805, subd. (h).)

1 Commission retains the authority to refer the matter to an APA
2 hearing pursuant to subsection (a) of Section 12056 or hear the matter
3 at a Section 12054 meeting if the Commission deems it appropriate.

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

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

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

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

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

- 25 (1) A list of potential witnesses with the general subject of
26 the testimony of each witness;
- 27 (2) Copies of all documentary evidence intended to be
28 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 (1) In advance of the GCA hearing, upon a motion of a
2 party or by order of the presiding officer, the presiding officer
3 may conduct a pre-hearing conference, either in person, via
4 teleconference, or by email exchange, subject to the presiding
5 officer's availability and shall issue a pre-hearing order if
6 appropriate or requested by either party. The pre-hearing
7 conference and order may address the following:

8 (A) Evidentiary issues;

9 (B) Witness and exhibit lists;

10 (C) Alterations in the Bureau recommendation;

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

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

15 (2) The GCA hearing need not be conducted according to
16 technical rules of evidence. Any relevant evidence may be
17 considered, and is sufficient in itself to support findings if it is the
18 sort of evidence on which reasonable persons are accustomed to
19 rely in the conduct of serious affairs, regardless of the existence
20 of any common law or statutory rule that might make improper
21 the admission of that evidence over objection in a civil action.

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

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

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

(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.

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

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

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

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

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

23 **SPECIFIC STATUTORY AND REGULATORY PROVISIONS**

24 9. Business and Professions Code section 19851 provides:

25 (a) The owner of a gambling enterprise shall apply for and obtain
26 a state gambling license. The owner of a gambling enterprise shall be
27 known as the owner-licensee.

28 (b) Other persons who also obtain a state gambling license, as
29 required by this chapter, shall not receive a separate license certificate,
30 but the license of every such person shall be endorsed on the license
31 certificate that is issued to the owner of the gambling enterprise.

32 10. Business and Professions Code section 19856 states:

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

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

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

12 11. Business and Professions Code section 19857 provides, in part:

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

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

17 (b) A person whose prior activities, criminal record, if any,
18 reputation, habits, and associations do not pose a threat to the public
19 interest of this state, or to the effective regulation and control of
20 controlled gambling, or create or enhance the dangers of unsuitable,
21 unfair, or illegal practices, methods, and activities in the conduct of
22 controlled gambling or in the carrying on of the business and financial
23 arrangements incidental thereto.

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

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

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

13. Business and Professions Code section 19920 provides:

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

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14. Business and Professions Code section 19922 provides:

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

15. Business and Professions Code section 19923 provides:

No owner licensee shall operate a gambling enterprise in violation of any governing local ordinance.

16. Business and Professions Code section 19984, subdivision (a), provides:

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

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

17. Penal Code section 330.11 provides:

“Banking game” or “banked game” does not include a controlled game if the published rules of the game feature a player-dealer position and provide that this position must be continuously and systematically rotated amongst each of the participants during the play of the game, ensure that the player-dealer is able to win or lose only a fixed and limited wager during the play of the game, and preclude the house, another entity, a player, or an observer from maintaining or operating as a bank during the course of the game. For purposes of this section it is not the intent of the Legislature to mandate acceptance of the deal by every player if the division finds that the rules of the game render the maintenance of or operation of a bank impossible by other means. The house shall not occupy the player-dealer position.

18. Penal Code section 337j, subdivisions (a)(2) and (e)(1), provide:

(a) It is unlawful for any person, as owner, lessee, or employee, whether for hire or not, either solely or in conjunction with others, to do any of the following without having first procured and thereafter

1 maintained in effect all federal, state, and local licenses required by
2 law:

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

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

12 19. California Code of Regulations, title 4, section 12200.21, subdivision (a), (effective in
13 2016) provides:

14 (a) Registrants and licensees shall comply with game rules
15 approved by the Bureau, including but not limited to, the rules
16 regarding player-dealer rotation and table wagering. A proposition
17 player contract may, concerning any table assigned for play by the
18 contracted registrant or licensee, contain a provision precluding players
19 of any other registrant or licensee under this chapter or Chapter 2.2 of
20 this division from playing at that table during the periods of play
21 assigned by the proposition player contract for the contracted registrant
22 or licensee. The house is not precluded from assigning a seat at the
23 table to a registrant or licensee.

24 20. California Code of Regulations, title 4, section 12346, subdivision (a)(1), provides:

25 (a) An application for a gambling license shall be denied by the
26 Commission if any of the following apply:

27 (1) The Commission finds that the applicant is ineligible,
28 unqualified, disqualified, or unsuitable pursuant to the criteria set
forth in the Act or other applicable law or that granting the license
would be inimical to public health, safety, welfare, or would
undermine the public trust that gambling operations are free from
criminal or dishonest elements.

29 21. California Code of Regulations, title 4, section 12384, subdivision (a)(3)(C),
30 provides:

31 (a) The policies and procedures for all Tiers shall meet or exceed
32 the following standards for the drop and collection of the drop for non-
33 electronic gambling tables:

1 * * *

2 (3) Drop boxes shall have all of the following:

3 * * *

4 (C) An individual identifier that corresponds to the
5 gambling table to which the drop box is attached and the
6 shift, if applicable, for which it is used, and that can be
7 documented when the box is removed from the table. Visible
8 drop box identifiers shall be imprinted or impressed on the
9 box and capable of being seen and read in video surveillance
10 recordings, either while attached to the table or when
11 removed from the table and immediately displayed to a
12 surveillance camera. If a bar code or an equivalent system is
13 used, in addition to the imprinted or impressed identifiers, it
14 shall have the capability to identify each drop box by shift
15 and table, the person or persons performing the collection,
16 and the date and time of the collection.

17 22. California Code of Regulations, title 4, section 12387, subdivision (a)(1), provides:

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

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

23 23. California Code of Regulations, title 4, section 12396, subdivisions (a)(1) and (a)(8),
24 provide:

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

27 (1) Licensees shall install and maintain, on site in their
28 gambling establishment, a surveillance system, with video
recording and closed circuit television (CCTV) monitoring

1 capabilities, to record critical activities related to the licensees'
2 gambling operations. The surveillance system shall record with
3 reasonable coverage and clarity, at a minimum, the gambling
4 operation, the payment of player drop fees, the collection of drop
5 boxes, the drop count processes, cage and cashier activities,
6 gambling equipment storage areas, except for furniture storage
7 areas, and the interior of gambling establishment entrances and
8 exits. The video recording equipment shall include date and time
9 generators which shall display the current date and time of
10 recorded events on videotape or digital recordings. The displayed
11 date and time shall not significantly obstruct the view of recorded
12 images. The surveillance system may have remote, off-site access
13 capabilities, but only ancillary to any on-site systems required by
14 this section.

15 * * *

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

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24. California Code of Regulations, title 11, section 2050, subdivision (a), provides:

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

25. California Code of Regulations, title 11, section 2070, subdivision (b), provides:

It shall be an unsuitable method of operation for a gambling establishment to:

* * *

(b) Offer for play any gaming activity which is not authorized by the Bureau pursuant to the Act and these regulations for play at that gambling establishment;

26. Marysville Municipal Code, section 5.28.210, subdivision (3), provides:

It is unlawful to operate gaming club in violation of any of the following rules and regulations:

(3) Each card table shall have assigned to it a person whose duty shall be to supervise the game and to see to it that it is played in accordance with the terms of this chapter and all other pertinent laws and regulations. The person assigned to each table shall act as the dealer for that table and no other person shall be permitted to deal cards for any game. The dealer shall not participate in any other capacity, and shall not be permitted to place any bet.