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9 **BEFORE THE**
10 **CALIFORNIA GAMBLING CONTROL COMMISSION**
11 **STATE OF CALIFORNIA**

13 **In the Matter of the Statement of Reasons:**

14 **RICHARD DOUGLAS SHARRAH, Jr.**

15 [REDACTED]

16 Respondent.

BGC Case No. BGC-HQ2014-00014SL
CGCC Case No. CGCC-2014-0828-7C

STATEMENT OF REASONS

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18 Complainant alleges as follows:

19 **PARTIES**

- 20
- 21 1. Wayne J. Quint Jr. (Complainant) brings this Statement of Reasons solely in his
22 official capacity as the Chief of the California Department of Justice, Bureau of Gambling
23 Control (Bureau).
 - 24 2. On August 2, 2012, Richard Sharrah, Jr. (Respondent) submitted to the California
25 Gambling Control Commission (Commission) an Application for Interim Key Employee License.
26 The Commission issued Respondent an Interim Key Employee License on August 22, 2012. On
27 November 5, 2012, Respondent submitted a Key Employee Supplemental Background
28 Investigation Information form to the Commission. On August 11, 2014, the Commission

1 cancelled Respondent's Interim Key Employee License based on a recommendation by the
2 Bureau, pursuant to California Code of Regulations (CCR), title 4, section 12354, subdivision
3 (e)(5).

4 3. At its August 28, 2014 meeting, the Commission referred the matter of Respondent's
5 Initial Portable Personal Key Employee License to an evidentiary hearing. The Commission's
6 Executive Director referred the matter to hearing pursuant to CCR title 4, section 12050,
7 subdivisions (b)(2).

8 **FIRST CAUSE FOR DENIAL OF APPLICATION**

9 **(Unqualified for Licensure - Conviction of a Felony)**

10 4. Respondent's application for licensure is subject to mandatory denial pursuant to
11 Business and Professions Code section 19859, subdivision (c), in that the Respondent was
12 convicted of a felony. On or about July 16, 2003, Respondent was convicted of a felony for
13 violating Insurance Code section 1871.4, subdivision (a)(1), making a false worker's
14 compensation claim, in the case of *People v. Richard Sharrah* (Super. Ct. Fresno County, No.
15 F02907732-2). Respondent was sentenced to serve 180 days in jail, five years probation, and he
16 was ordered to pay restitution to the Fresno Unified School District in the amount of \$38,706.24.¹

17 **SECOND CAUSE OF DENIAL OF LICENSE APPLICATION**

18 **(Unqualified for Licensure - Good Character, Honesty, and Integrity;
19 Disregard for the Law)**

20 5. Respondent's application for licensure is subject to denial pursuant to Business and
21 Professions Code sections 19857, subdivisions (a) and (b), and 19859, subdivision (a), in that
22 Respondent lacks the requisite good character, honesty and integrity and/or poses a threat to the
23 public interest of this state, or to the effective regulation and control of controlled gambling, or
24 creates or enhances the dangers of unsuitable, unfair, or illegal practices, methods, and activities

25 ¹ On June 2, 2009, Respondent filed a petition with the Superior Court of California,
26 County of Fresno, seeking this felony offense to be declared a misdemeanor under Penal Code
27 section 17, subdivision (b), and further seeking a dismissal under Penal Code section 1203.4,
28 subdivision (a). In response, on the same day, the court granted Respondent's requested relief
under Penal Code section 1203.4, but did not grant Respondent's requested relief under Penal
Code section 17, subdivision (b).

1 in the conduct of controlled gambling. Since 2003, Respondent has demonstrated a lack of good
2 character, honesty, and integrity, and has further demonstrated a pattern and practice of flagrant
3 disregard for the requirements of law and legal authority.

4 (A) Felony Criminal Conviction: In support of the Second Cause for Denial of application
5 for licensure, Complainant re-alleges and incorporates by reference all the allegations raised in
6 paragraph four.

7 (B) Two Misdemeanor Criminal Convictions:

8 (1) On or about July 24, 1998, Respondent was convicted of a misdemeanor for
9 violating Penal Code section 243, subdivision (e)(1), battery on spouse/ex-spouse, in the case of
10 *People v. Richard Sharrah* (Super. Ct. Fresno County, No. F98908759-4). Respondent was
11 sentenced to serve one day in jail, and three years probation.

12 (2) On or about March 10, 2011, Respondent was convicted of a misdemeanor for
13 violating Vehicle Code section 23103, subdivision (a), reckless driving, in the case of *People v.*
14 *Richard Douglass Sharrah, Jr.* (Super. Ct. Santa Clara County, No. 10034070). Respondent was
15 sentenced to serve two years probation, and to pay a fine.

16 (C) Negative Credit History:

17 (1) Bankruptcy: Respondent, along with his spouse, filed for a Chapter 7 bankruptcy
18 on January 22, 2004, in the United States Bankruptcy Court, Eastern District of California
19 (Fresno Division), case number 04-10492-A-7. Respondent had \$70,979 in total liabilities when
20 he filed for bankruptcy. Respondent's liabilities in his bankruptcy included credit card debt, civil
21 judgments, medical debt, personal loans, vehicle repossession, and child support arrearages.
22 These liabilities included a civil judgment from the Fresno Unified School District in the amount
23 of \$38,500.00 for the restitution stemming from his felony conviction on July 16, 2003. All of
24 these debts were discharged in Respondent's bankruptcy.

25 (2) Home Foreclosure: Respondent's previous house, located at 5132 W. Fremont
26 Avenue, Fresno, California was foreclosed upon by the bank. Respondent purchased this house
27 in 2005 and had a mortgage loan of \$150,000. Respondent refinanced this loan in 2006 for
28 \$236,000. A Notice of Default was issued against Respondent in July, 2007. A Notice of

1 Trustees Sale was filed in October, 2007, and in November, 2007, the lender, Deutsche Bank
2 National Trust Company, took title to the home.

3 (3) Automobile Repossession: Respondent's car was repossessed in the summer of
4 2013. As a result, Lobel Financial Services charged off \$7,093 from Respondent's auto loan.

5 (4) Multiple Credit Accounts in Collection/Charge Off:

6 (a) Portfolio: As of March, 2014, Portfolio had a collection account against
7 Respondent in the amount of \$461.

8 (b) Midland MCM: As of February, 2014, Midland MCM had a collection
9 account against Respondent in the amount of \$635.

10 (c) TD/Target: As of February, 2014, TD/Target had a charge off account
11 against Respondent in the amount of \$827.

12 (d) Merrick: As of December, 2012, Merrick had a charge off account against
13 Respondent in the amount of \$2,315.

14 (5) Insufficient Funds in Bank Account: Respondent lacked sufficient funds in his
15 Chase Checking account to meet his financial transactions, which resulted in total overdraft fees
16 totaling \$1,488 in 2011, and \$1,586 in 2012.

17 (D) Three Civil Judgments: Even after his 2004 bankruptcy, Respondent has had
18 numerous civil actions filed against him during the last seven years, including the following
19 cases:

20 (1) Deustch Bank National Trust Company v. Richard Sharrah: This civil action
21 involved an unlawful detainer (eviction) complaint against Respondent and his spouse by
22 Deutsche Bank National Trust Company on February 6, 2008, in Fresno County Superior Court,
23 case number 08CECL01183. On April 15, 2008, a judgment was entered for Deutsche Bank
24 National Trust Company against Respondent and his spouse for restitution of the premises only.

25 (2) Credit Consulting Services, Inc. v. Nicole J. Sharrah, et al.: A default judgment
26 in this action was entered against Respondent and his spouse in this civil action in Monterey
27 County Superior Court, case number M123799, on December 18, 2013. The amount of the civil
28 judgment was \$9,329.10, and this judgment has not been satisfied.

1 (3) Lobel Financial Corp. v. Richard D. Sharrah, Jr.: A default civil judgment was
2 filed against Respondent in this civil action in Monterey County Superior Court, case number
3 M121474, on June 7, 2013. This civil judgment relates to the repossession of Respondent's
4 automobile, as alleged in paragraph 5(C)(3), and it has not been satisfied..

5 (E) Failure to Disclose Information: During his application process, Respondent failed to
6 disclose to the Commission and/or Bureau the following required information:

7 (1) In his Supplemental Background Investigation Information form to the
8 Commission, Respondent failed to disclose his March 10, 2011, misdemeanor conviction for
9 violating Vehicle Code section 23103, subdivision (a), reckless driving, in the case of *People v.*
10 *Richard Douglass Sharrah, Jr.* (Super. Ct. Santa Clara County, No. 10034070).

11 (2) In his Supplemental Background Investigation Information form to the
12 Commission, Respondent failed to specifically disclose any of the credit accounts in
13 collection/charge off pled in paragraph 5(C)(4). Instead, Respondent stated that he had "several
14 debts resolving through bankruptcy to be filed within 30 days." Respondent has not subsequently
15 advised the Bureau that he has filed for a second bankruptcy.

16 (3) In his Supplemental Background Investigation Information form to the
17 Commission, other than listing his account with Lobel Financial on page 13, Respondent failed to
18 disclose the judgments pled in paragraph 5(D)(3).

19 (4) In his Supplemental Background Investigation Information form to the
20 Commission, Respondent failed to disclose his employment history with Pacific Sports Section
21 and Diamond Sports Bar and Casino.

22 (5) Despite requests made by the Bureau, Respondent failed to provide copies of his
23 Federal Income Tax returns for 2010, 2011, and 2012.

24 JURISDICTION

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

26 Jurisdiction, including jurisdiction over operation and
27 concentration, and supervision over gambling establishments in this
28 state and over all persons or things having to do with the operation
of gambling establishments is vested in the commission.

1 7. Business and Professions Code section 19823 provides:

2 (a) The responsibilities of the commission include, without
3 limitation, all of the following:

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

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

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

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

19 (b) The commission shall establish reasonable criteria for, and
20 require the licensure and registration of, any person or entity that
21 provides proposition player services to a gambling establishment
22 pursuant to this section, including owners, supervisors, and players.
23 ... The commission may impose licensing requirements,
24 disclosures, approvals, conditions, or limitations as it deems
25 necessary to protect the integrity of controlled gambling in this
26 state,

27 9. Business and Professions Code section 19824 provides in part:

28 The commission shall have all powers necessary and proper to
enable it fully and effectually to carry out the policies and purposes
of this chapter,² including, without limitation, the power to do all
of the following:

(b) For any cause deemed reasonable by the commission, deny
any application for a license, permit, or approval provided for in
this chapter or regulations adopted pursuant to this chapter, limit,
condition, or restrict any license, permit, or approval, or impose any
fine upon any person licensed or approved. The commission may
condition, restrict, discipline, or take action against the license of an
individual owner endorsed on the license certificate of the gambling
enterprise whether or not the commission takes action against the

² Hereinafter, "chapter" refers to Business and Professions Code, division 8, chapter 5,
(commencing with section 19800), also known as the Gambling Control Act.

1 license of the gambling enterprise.

2 * * *

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

6 **SPECIFIC STATUTORY AND REGULATORY PROVISIONS**

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

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

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

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

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

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

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

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

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

27 * * *

28 (c) Conviction of a felony, including a conviction by a federal court or a court
in another state for a crime that would constitute a felony if committed in
California.

PRAYER

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

1 1. Denying Respondent's application an Initial Portable Personal Key Employee
2 License; and

3 2. Taking such other and further action as the Commission may deem appropriate.

4 Dated: August 26, 2015

Wayne J. Quint Jr.

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

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