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**BEFORE THE**  
**CALIFORNIA GAMBLING CONTROL COMMISSION**  
**STATE OF CALIFORNIA**

In the Matter of the Statement of Reasons for  
Denial of Application for a Gambling  
Establishment Key Employee License for:  
**CHRISTOPHER JAMES STIGERS**  
[Redacted]  
**Respondent.**

**BGC Case No. BGC-HQ2018-00049SL**  
**CGCC Case No. CGCC-2018-0823-8A**

**STATEMENT OF REASONS**

Hearing Date: March 20, 2019  
Hearing Time: 1:30 p.m.  
Hearing Place: 2399 Gateway Oaks Drive,  
Ste. 100, Sacramento, CA  
95833

Complainant alleges as follows:

**PARTIES**

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

1           2.    On June 28, 2016, Christopher James Stigers (Respondent), formerly employed as a  
2 dealer, was promoted to the position of floor manager, a key employee position, at Casino Club,  
3 in Redding, California. On July 18, 2016, the Bureau received Respondent's incomplete  
4 Application for Interim Key Employee License. On August 01, 2016 and August 10, 2016, the  
5 Bureau received the remainder of Respondent's Interim Key Employee application information.  
6 On August 25, 2016, Respondent was issued Interim Key Employee License GEKE-002226. On  
7 September 27, 2016, the Bureau received Respondent's Application for Gambling Establishment  
8 Key Employee License and Key Employee Supplemental Background Investigation Information  
9 (collectively referred to herein as the Application).

10           3.    On July 9, 2018, Assistant Bureau Director Yolanda Morrow and her staff conducted  
11 a pre-denial meeting with Respondent and his designated agent, Ardath Hyer, by telephone to  
12 inform them of the Bureau's recommendation to deny the Application.

13           4.    On July 10, 2018, the Bureau issued its Level III Cardroom Key Employee  
14 Background Investigation Report, which recommended that Respondent's Application be denied.  
15 On the basis of that recommendation and pursuant to California Code of Regulations, title 4,  
16 section 12354, subdivision (e)(5), Respondent's Interim Key Employee License was cancelled on  
17 July 17, 2018.<sup>1</sup>

18           5.    At its August 23, 2018 meeting, the California Gambling Control Commission  
19 (Commission) referred the matter of Respondent's Application to an evidentiary hearing pursuant  
20 to California Code of Regulations, title 4, section 12054, subdivision (a)(2), to be conducted as a  
21 GCA hearing under California Code of Regulations, title 4, section 12060.

22           6.    On or about August 31, 2018, Respondent submitted a signed Notice of Defense  
23 indicating that he would be representing himself.

24           7.    On November 28, 2018, Respondent was notified that the evidentiary hearing would  
25 be held before the Commission, commencing at 1:30 p.m., on March 20, 2019.

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27           <sup>1</sup> The statutes and regulations applicable to this Statement of Reasons are quoted in  
28 pertinent part in Appendix A.

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**BURDEN OF PROOF**

8. Respondent has the burden of proving that he is qualified to receive a license. (Bus. & Prof. Code, § 19856, subd. (a).)

**FIRST CAUSE FOR DENIAL**

**(Failure to Provide and/or Disclose Material Information)**

9. Respondent's Application is subject to denial on the ground that Respondent failed to provide or to disclose the following information that is material to the Application:

a. In 2011, a San Bernardino County Superior Court civil judgment in the amount of \$6,004.26 was entered against Respondent for failure to pay rent.

b. In 2007, a tax lien in the amount of \$851.27 was filed against Respondent by the San Bernardino County Assessor's Office.

c. In 2013, Respondent was terminated from his position as an assistant store manager at GameStop in Redding, California.

(Bus. & Prof. Code, §§ 19856, 19857, 19859, subds. (a) & (b) [mandatory denial], 19866, Cal. Code Regs., tit. 4, § 12355, subds. (a)(1) [mandatory denial] & (b)(2).)

**SECOND CAUSE FOR DENIAL**

**(Unsuitable for Licensure)**

10. Respondent's Application is subject to denial on the ground that that Respondent is unsuitable for licensure because he has engaged in a pattern of noncompliance with the laws regulating controlled gambling, which reflects either a lack of understanding of, or an indifference and disregard for the importance and seriousness of, the Gambling Control Act's regulatory and application requirements, in that:

a. Respondent failed to provide and/or disclose material information as alleged in paragraph 9, above, which is incorporated herein by this reference.

b. Respondent was dilatory in and about the licensing requirements of the Gambling Control Act in that Respondent began working as a floor manager, a position requiring a key employee license, on June 28, 2016, and was required to apply for an interim key employee license within ten days thereof, but Respondent's incomplete

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application for an interim key employee license was not received by the Bureau until July 18, 2016, which was 20 days after Respondent began working in a key employee capacity, and ten days after the application was due.

c. Respondent was dilatory in and about the licensing requirements of the Gambling Control Act in that Respondent began working as a floor manager, a position requiring a key employee license, on June 28, 2016, and was required to submit an application for an initial key employee license within 30 days thereafter, but Respondent's application for an initial key employee license was not received by the Bureau until September 27, 2016, which was 91 days after Respondent began working in a key employee capacity and 61 days after the application was due.

(Bus. & Prof. Code, §§ 19856, 19857, 19859, subds. (a) & (b) [mandatory denial], 19866, Cal. Code Regs., tit. 4, § 12355, subds. (a)(1) [mandatory denial] & (b)(2).)

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**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. Denying Respondent's Application for licensure as a key employee; and
- 2. Taking such other and further action as the Commission may deem appropriate.

Dated: January 29, 2019

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

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**APPENDIX A**  
**JURISDICTION**

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

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

2. Business and Professions Code, section 19823 provides:

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

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

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

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

3. Business and Professions Code, section 19824 provides, in part:

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,<sup>[2]</sup> 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

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

1 condition, restrict, discipline, or take action against the license of an  
2 individual owner endorsed on the license certificate of the gambling  
3 enterprise whether or not the commission takes action against the  
4 license of the gambling enterprise.

\* \* \*

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

8 4. Business and Professions Code, section 19870 provides:

9 (a) The commission, after considering the recommendation of  
10 the chief<sup>[3]</sup> and any other testimony and written comments as may be  
11 presented at the meeting, or as may have been submitted in writing to  
12 the commission prior to the meeting, may either deny the application  
13 or grant a license to an applicant who it determines to be qualified to  
14 hold the license.

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

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

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

24 (e) A decision of the commission denying a license or approval,  
25 or imposing any condition or restriction on the grant of a license or  
26 approval may be reviewed by petition pursuant to Section 1085 of the  
27 Code of Civil Procedure. Section 1094.5 of the Code of Civil  
28 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.

5. Business and Professions Code, section 19871 provides:

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

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

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<sup>3</sup> "Chief" refers to the Director of the Bureau. (Bus. & Prof. Code, § 19805, subd. (d).)

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

(A) To call and examine witnesses.

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

(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<sup>4</sup> 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.

6. California Code of Regulations, title 4, section 12054, subdivision (a) provides, in part:

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

\* \* \*

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

<sup>4</sup> "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd. (h).)

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

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

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

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

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

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

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

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

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

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

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

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

5 (4) All other written comments or writings containing  
6 relevant evidence.

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

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

17 (A) Evidentiary issues;

18 (B) Witness and exhibit lists;

19 (C) Alterations in the Bureau recommendation;

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

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

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

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

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

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

(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

1 filed one with the Commission according to Business and Professions  
2 Code section 19868, to enable the Commission to make an informed  
3 decision on whether the applicant has met his, her, or its burden of  
4 proof. The complainant may but is not required to recommend or seek  
5 any particular outcome during the evidentiary hearing, unless it so  
6 chooses.

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

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

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

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

25 (m) At the conclusion of the evidentiary hearing, the members  
26 of the Commission shall take the matter under submission, may  
27 discuss the matter in a closed session meeting, and may schedule  
28 future closed session meetings for deliberation.

### SPECIFIC STATUTORY AND REGULATORY PROVISIONS

9. Business and Professions Code section 19805 provides, in part:

(x) "Key employee" means any natural person employed in the operation of a gambling enterprise in a supervisory capacity or empowered to make discretionary decisions that regulate gambling operations, including, without limitation . . . cashier operations supervisors . . . or any other natural person designated as a key employee by the department for reasons consistent with the policies of this chapter.

10. Business and Professions Code section 19850 provides, in part:

Every person who, either as owner, lessee, or employee, whether for hire or not, either solely or in conjunction with others, deals, operates, carries on, conducts, maintains, or exposes for play any controlled game in this state, or who receives directly or indirectly, any compensation or reward, or any percentage or share of the money or property played, for keeping, running, or carrying on any controlled

1 game in this state, shall apply for and obtain from the commission, and  
2 shall thereafter maintain, a valid state gambling license, key employee  
license, or work permit, as specified in this chapter.

3 11. Business and Professions Code section 19854 provides, in part:

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

6 (b) No person may be issued a key employee license unless the  
person would qualify for a state gambling license.

7 12. Business and Professions Code section 19856 provides, in part:

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

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

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

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

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

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

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

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

27 14. Business and Professions Code section 19859 provides, in part:  
28

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

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

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

10 15. Business and Professions Code section 19866 provides:

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

16 16. California Code of Regulations, title 4, section 12354 provides, in part:

17 (a) An individual, if holding a valid work permit for any  
18 gambling enterprise, may immediately begin to work as an interim key  
19 employee provided that the individual submit the following to the  
20 Bureau within 10 days of hiring:

21 (1) An Application for Interim Key Employee License,  
22 BGC-035 (Rev. 07/17) . . . .

23 \* \* \*

24 (c) Interim key employee license approvals are subject to the  
25 following conditions:

26 (1) An application package for an initial portable personal  
27 key employee license as required in subsection (c) of Section  
28 12350 must be submitted to the Bureau within 30 days of  
assuming a key employee position.

\* \* \*

(e) With ten day's advance written notice to the interim key  
employee and to the gambling enterprise, the Executive Director shall  
cancel the interim key employee license based upon the following:

(5) A Bureau recommendation of denial of the applicant's  
key employee application.

17. California Code of Regulations, title 4, section 12355 provides, in part:

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(a) An application for a portable personal key employee license shall be denied by the Commission if any of the following applies:

(1) The Commission finds that the applicant is ineligible, 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.

\* \* \*

(b) An application for a key employee license may be denied if:

\* \* \*

(2) The Commission finds that the applicant's past behavior calls into question the applicant's qualification requirements and considerations outlined in Business and Professions Code section 19856.