

RECEIVED BY  
BGC LEGAL DIVISION

12 MAR 21 AM 8:49

1 KAMALA D. HARRIS  
Attorney General of California  
2 SARA J. DRAKE  
Senior Assistant Attorney General  
3 WILLIAM L. WILLIAMS, JR.  
Deputy Attorney General  
4 State Bar No. 99581  
1300 I Street, Suite 125  
5 P.O. Box 944255  
Sacramento, CA 94244-2550  
6 Telephone: (916) 324-3725  
Fax: (916) 327-2319  
7 E-mail: bill.williams@doj.ca.gov  
*Attorneys for Complainant, Chief of Bureau of*  
8 *Gambling Control, Department of Justice*

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

13 **In the Matter of the Statement of Issues**  
14 **Against:**

15 **CANDELARIO SALAS, Sole Proprietor**  
16 **LA PRIMAVERA POOL HALL AND**  
17 **CAFE**  
224 South C Street  
Madera, CA 93638

18 **Respondents.**

19 **License Number GEGE-000408**

**BGC Case No. BGC-HQ2010-0001AL**

**CGCC Case No. \_\_\_\_\_**

**OAH No. \_\_\_\_\_**

**STATEMENT OF ISSUES**

20 Martin J. Horan IV, Complainant herein, alleges as follows:

21 **PARTIES**

22 1. Martin J. Horan IV ("Complainant") brings this Statement of Issues solely in his  
23 official capacity as the Acting Chief of the Bureau of Gambling Control, California Department of  
24 Justice ("Bureau").

25 2. Candelario Salas ("Respondent Owner") owns, as a sole proprietor, the gambling  
26 enterprise known and doing business as La Primavera Pool Hall and Cafe, located at 224 South C  
27 Street, Madera, California 93638 ("Cardroom") operating under State Gambling License GEGE.

1 000408, issued by the California Gambling Control Commission ("Commission") pursuant to the  
2 Gambling Control Act (Bus. & Prof. Code, § 19800, et seq., the "Act").

3 **RENEWAL LICENSE APPLICATION STATUS**

4 3. On or about August 27, 2009, Respondent Owner submitted to the Commission an  
5 application to renew his State Gambling License as the owner of the Cardroom.

6 4. On or about August 27, 2009, Commission staff notified Respondent Owner through  
7 his designated agent, Virginia Salas, that the Commission would consider Respondent Owner's  
8 license renewal application at its next regular meeting on September 9, 2009.

9 5. On or about September 9, 2009, the Commission extended Respondent Owner's State  
10 Gambling License to November 30, 2009, on the condition that Respondent Owner:

11 send to the Commission, no later than the 15th day of each month,  
12 documentation from the Internal Revenue Service (IRS) substantiating  
13 compliance with tax repayment obligations. The first report will be due in  
14 January 2009 continuing until repayment has been completed.

14 This condition was substantially similar to conditions that had been placed upon Respondent  
15 Owner's license since June 8, 2006.

16 6. On or about November 4, 2009, Bureau staff requested that the Commission extend  
17 the Respondent Owner's license to December 31, 2010, based upon the apparent failure of  
18 Respondent Owner to comply with the condition on his license referenced in paragraph 5, above,  
19 and to allow the Bureau time to determine an appropriate action.

20 7. On or about November 12, 2009, Commission staff notified Respondent Owner  
21 through his designated agent that Commission staff was recommending that the Commission  
22 consider three options in relation to Respondent's renewal application as follows:

23 a. Concur with the Bureau's recommendation to extend La  
24 Primavera's license to December 31, 2010.

25 b. Deny the renewal application for licensure. This would be based  
26 on the gambling establishment's failure to comply with an ongoing  
27 condition to address their tax liabilities with the Internal Revenue Service  
28 (IRS), pursuant to Business and Professions Code, Section 19824(b).  
Even though the owner of the gambling establishment has been  
providing the Commission with their progress of establishing a  
repayment program by utilizing a third party (Tax Inc.), the  
responsibility of meeting the condition ultimately is ultimately the owner

1 [sic] and that has not been completed as of the date of this report.

2 c. Approve the renewal application for licensure for one year  
3 (December 1, 2009, through November 30, 2010) with the continuation  
4 of the amended condition as listed below.

5 *Mr. Candelario Salas will send the Commission, no later than the*  
6 *15th day of each month, documentation on the progress of establishing a*  
7 *repayment plan with the Internal Revenue Service (IRS). This condition*  
8 *will continue until repayment has been completed.*

9 (Italics added.)

10 8. On or about November 23, 2009, Respondent Owner through his designated agent  
11 notified the Commission that in the event of a denial of his renewal application, he requested a  
12 hearing.

13 9. On or about November 24, 2009, the Commission considered Respondent Owner's  
14 application to renew his State Gambling License, and denied it. At that Commission meeting,  
15 Commission staff apprised the Commission that Respondent Owner had requested a hearing in the  
16 event of a denial of the renewal.

17 10. On or about December 7, 2009, the Commission notified Respondent Owner through  
18 his designated agent of the Commission's denial of his application for renewal of his State  
19 Gambling License and referral of the matter to the Commission's hearing process.

### 20 JURISDICTION

21 11. This Statement of Issues is brought before the Commission pursuant to the authority  
22 detailed in paragraphs 12 through 21 below.

23 12. Business and Professions Code section 19810 states:

24 Except as otherwise provided in this chapter, any power or authority  
25 of the department<sup>[1]</sup> described in this chapter may be exercised by the  
26 Attorney General or any other person as the Attorney General may  
27 delegate.

28 13. Business and Professions Code section 19826 provides in part as follows:

---

<sup>1</sup> 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  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

The department shall have all of the following responsibilities:

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

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

15. Business and Professions Code section 19823 provides as follows:

(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 whose operations 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.

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

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, 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

1 regulations adopted pursuant to this chapter, limit, condition, or restrict any  
2 license, permit, or approval, or impose any fine upon any person licensed or  
3 approved.

\* \* \*

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

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

9 (a) Subject to the power of the commission to deny, revoke, suspend,  
10 condition, or limit any license, as provided in this chapter, a license shall  
11 be renewed upon application for renewal and payment of state gambling  
12 fees as required by statute or regulation. Licenses renewed on or before  
13 July 31, 2008, shall be for the renewal period in effect at the time of the  
14 renewal but shall not expire any sooner than 15 months after the approval  
15 of the renewal application. Licenses renewed on or after August 1, 2008,  
16 shall expire 24 months after the date of the approval of the renewal  
17 application or after the expiration of the prior license, whichever is later.

18 (b) An application for renewal of a gambling license shall be filed by  
19 the owner licensee or key employee with the commission no later than 120  
20 calendar days prior to the expiration of the current license. The  
21 commission shall act upon any application for renewal prior to the date of  
22 expiration of the current license. Upon renewal of any owner license, the  
23 commission shall issue an appropriate renewal certificate or validating  
24 device or sticker.

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

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

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

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

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

1 at the meeting, or as may have been submitted in writing to the  
2 commission prior to the meeting, may either deny the application or grant  
3 a license to an applicant who it determines to be qualified to hold the  
4 license.

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

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

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

11 19. Business and Professions Code section 19871 provides as follows:

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

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

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

17 (A) To call and examine witnesses.

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

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

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

24 (E) To offer rebuttal evidence.

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

27 (4) The meeting need not be conducted according to  
28 technical rules relating to evidence and witnesses. Any relevant  
evidence may be considered, and is sufficient in itself to support

1 a finding, if it is the sort of evidence on which responsible  
2 persons are accustomed to rely in the conduct of serious affairs,  
3 regardless of the existence of any common law or statutory rule  
4 that might make improper the admission of that evidence over  
5 objection in a civil action.

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

10 20. Commission regulation section 12050 (Cal. Code Regs., tit. 4, § 12050) provides in  
11 pertinent part as follows:

12 (a) If the Bureau, after an investigation pursuant to Business and  
13 Professions Code section 19826, subdivision (a), issues a  
14 recommendation to deny, limit, restrict, or condition a license, permit, or  
15 finding of suitability, the Bureau shall provide the applicant with a copy  
16 of the Bureau's final report as described in Business and Professions  
17 Code section 19868, subdivision (b), which includes a detailed factual  
18 and/or legal basis for any recommendation as well as the Bureau's  
19 recommendation to the Commission and any supplemental documents  
20 provided to the Commission at the time of the report and  
21 recommendation. Any applicant for any license, permit, or finding of  
22 suitability for whom Commission staff has issued a recommendation of  
23 denial or imposition of conditions shall be given notice by certified mail  
24 of the Commission meeting at which the application is scheduled to be  
25 heard and the Commission staff recommendation [made] at least 10 days  
26 prior to the meeting. The applicant shall be afforded the opportunity to:

27 (1) Address the Commission by way of an oral statement at a  
28 noticed Commission meeting, and/or may submit documents in  
support of the application, or

(2) Request an evidentiary hearing.

(b) If the applicant requests an evidentiary hearing or the  
Commission elects to have an evidentiary hearing, the Executive Director  
shall set the matter for hearing pursuant to Business and Professions  
Code sections 19870 and 19871, or pursuant to Business and Professions  
Code section 19825 (conducted pursuant to Chapter 5 (commencing with  
section 11500) of Part 1 of Division 3 of Title 2 of the Government  
Code).

\* \* \*

(2) If the hearing is to proceed pursuant to Business and  
Professions Code sections 19870 and 19871, notice shall be

1 effected by the Commission, and the hearing before the  
2 Commission shall be conducted pursuant to Business and  
3 Professions Code section 19871:

4 (A) The Bureau or Commission staff or Deputy  
5 Attorney General or other representative presenting the  
6 case (Complainant) shall provide the applicant, at least 30  
7 calendar days prior to the hearing, a list of potential  
8 witnesses with the general subject of the testimony of each  
9 witness and shall disclose and make available copies of all  
10 documentary evidence intended to be introduced at the  
11 hearing and not previously provided, reports or statements  
12 of parties and witnesses and all other writings containing  
13 relevant evidence, including all evidence made available  
14 to the Commissioners. The applicant shall provide  
15 Complainant with similar information to be introduced at  
16 the hearing and not previously provided at least ten  
17 calendar days prior to the hearing. The Commissioners  
18 may prohibit testimony of a witness that is not disclosed  
19 and may prohibit the introduction of documents that have  
20 not been disclosed.

21 (B) Nothing in this section confers upon an applicant  
22 a right to discovery of the Commission's or Bureau's  
23 confidential information or to require production of any  
24 document or information the disclosure of which is  
25 otherwise prohibited by any provision of the Gambling  
26 Control Act, or is privileged from disclosure or otherwise  
27 made confidential by law. Documentary evidence may be  
28 redacted as needed to prevent the disclosure of  
confidential information. Exculpatory or mitigating  
information shall not be withheld from the applicant, but  
may be redacted.

(C) Within the guidelines of subsection (b)(2)(A)  
above, each party shall have the right to call and examine  
witnesses; to introduce relevant exhibits and documentary  
evidence; to cross-examine opposing witnesses on any  
relevant matter, even if the matter was not covered in the  
direct examination; to impeach any witness, regardless of  
which party first called the witness to testify; and to offer  
rebuttal evidence. If the applicant does not testify on the  
applicant's own behalf, the applicant may be called and  
examined as if under cross-examination.

(D) The hearing need not be conducted according to  
technical rules of evidence. Any relevant evidence may be  
considered, and is sufficient in itself to support findings if

1 it is the sort of evidence on which responsible persons are  
2 accustomed to rely in the conduct of serious affairs,  
3 regardless of the existence of any common law or  
4 statutory rule that might make improper the admission of  
5 that evidence over objection in a civil action. A presiding  
6 officer, which shall be an administrative law judge or an  
7 attorney designated by the Commission, shall rule on the  
8 admissibility of evidence and on any objections raised.

9 (E) Oral evidence shall be taken upon oath or  
10 affirmation, which may be administered by a staff member  
11 of the Commission or by a Commissioner.

12 (F) The hearing shall be stenographically or  
13 electronically recorded by the Commission.

14 (G) At the conclusion of the hearing, the Commission  
15 shall take the matter under submission and may schedule  
16 future closed session meetings for deliberation. In taking  
17 the matter under consideration, any Commissioner who  
18 participated at the hearing shall be allowed to vote by mail  
19 or by other appropriate method. Within 30 days of the  
20 conclusion of the hearing, the Commission shall issue a  
21 decision which complies with Business and Professions  
22 Code section 19870, subdivision (c), and shall serve the  
23 decision by certified mail on the applicant and on any  
24 business entity with which the applicant is associated.

25 (3) At the hearings described in subsections (b)(1) and (2)  
26 above, the burden of proof rests with applicant to demonstrate why  
27 a license, permit, or finding of suitability should be issued or not  
28 conditioned. The applicant may choose to represent himself,  
herself, or itself, or may retain an attorney or lay representative at  
his, her, or its own expense. A representative of the Bureau shall  
present the reasons why the license, permit, or finding of suitability  
should not be granted or should be granted with conditions  
imposed. In the event that the Bureau does not present the case, the  
Commission may seek outside representation or one or more  
Commission staff members shall be segregated and present the  
case.

(c) If the application is denied or conditions imposed:

(1) The Commission's decision shall provide the effective  
date of the decision and may include further directions as to stay  
provisions or orders to divest. (2) If the denied applicant is an  
officer, director, employee, agent, representative, or independent  
contractor of a corporation licensed, registered, or found suitable

1 by the Commission, the denied applicant shall resign according to  
2 the date specified in the decision and shall so notify the  
3 Commission in writing.

4 \* \* \*

5 (6) An applicant denied a license, permit, registration, or  
6 finding of suitability, or whose license, permit, registration, or  
7 finding of suitability has had conditions imposed upon it may  
8 request reconsideration by the Commission within 30 days of  
9 notice of the decision. The request shall be in writing and shall  
10 outline the reasons for the request, which must be based upon  
11 either newly discovered evidence or legal authorities that could  
12 not reasonably have been presented before the Commission's  
13 issuance of the decision or at the hearing on the matter, or upon  
14 other good cause for which the Commission in its discretion  
15 decides merits reconsideration. The Commission Chair may  
16 delegate to the Executive Director the authority to determine  
17 whether to place requests for reconsideration on the Commission  
18 agenda or to act on them at the Commission staff level. If placed  
19 on the Commission agenda, the applicant requesting  
20 reconsideration shall be notified of the date and time of the  
21 agenda item. The granting or denial of reconsideration is at the  
22 discretion of the Commission. The Commission shall notify the  
23 applicant requesting reconsideration whether or not  
24 reconsideration is granted or denied within 30 days of the  
25 applicant's request. If the Commission grants reconsideration, the  
26 effective date of the decision shall be stayed or vacated, at the  
27 Commission's discretion, while the decision is reconsidered.  
28

**OTHER PERTINENT STATUTORY AND REGULATORY PROVISIONS**

21. Business and Professions Code section 19805 provides in part as follows:  
As used in this chapter, the following definitions shall apply:

22 \* \* \*

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

27 \* \* \*

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.

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

3 \* \* \*

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

5 \* \* \*

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

9 \* \* \*

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

13 22. Business and Professions Code section 19851, subdivision (a) states:

14 The owner of a gambling enterprise shall apply for and obtain a  
15 state gambling license. The owner of a gambling enterprise shall  
16 be known as the owner-licensee.

17 23. Business and Professions Code section 19856, subdivision (a) states:

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

24 24. Business and Professions Code section 19857 provides in part as follows:

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

28 \* \* \*

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

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



- 1 a. State tax lien filed on August 29, 2003, in the amount of \$18,892.
- 2 b. Federal tax lien filed on December 29, 2004, in the amount of \$9,600.
- 3 c. State tax lien filed on November 3, 2005, in the amount of 4,781.
- 4 d. Federal tax lien filed on June 18, 2007, in the amount \$16,927.
- 5 e. Federal tax lien filed on January 26, 2009, in the amount of \$5,086.

6 While Respondent Owner presented evidence to the Bureau that from August 17, 2007,  
7 through March 27, 2009, Respondent Owner through his designated agent had made three  
8 payments to the Internal Revenue Service (IRS) totaling \$17,527, he has provided no other  
9 evidence that the above tax balances plus applicable penalties have been satisfied. An October 1,  
10 2009, statement from the IRS submitted by Respondent Owner's designated agent to the Bureau  
11 set forth a total balance of \$156,931.11 for federal taxes, interest, and penalties owing by  
12 Respondent Owner and his spouse.

13 30. On or about June 8, 2006, the Commission renewed Respondent Owner's State  
14 Gambling License through April 30, 2007, subject to the following condition:

15 The gambling establishment is required to report every six (6) months  
16 to the [Bureau] and the Commission the progress in its tax obligations.

17 31. On or about April 26, 2007, the Commission renewed Respondent Owner's State  
18 Gambling License through April 30, 2008, subject to the same condition set forth in paragraph 30,  
19 above.

20 32. On or about July 31, 2007, Respondent Owner through his designated agent submitted  
21 a progress report on the payment of their tax obligations to the effect that he was employing a tax  
22 consulting firm, Tax Inc., to assist in resolving their outstanding state and federal tax balances  
23 owed.

24 33. On or about April 22, 2008, the Commission approved an extension of Respondent  
25 Owner's renewal license to August 31, 2008 on the condition that the "gambling establishment  
26 [Respondent Owner] establish a repayment program for the tax obligations and provide the  
27 information to the Commission by July 30, 2008," including proof that payments of the taxes were  
28 being made.

1           34. On or about August 19, 2008, a letter from Tax Inc. was submitted to the Bureau  
2 stating to the effect that it had a power of attorney on behalf of Respondent Owner [and his wife's]  
3 to represent him before the IRS and was working on resolution of the tax debt, and that such  
4 resolution would take between 45 and 90 days from the date of the letter.

5           35. On or about August 28, 2008, the Commission approved an extension of Respondent  
6 Owner's renewal license to September 30, 2008. On or about September 23, 2008, the  
7 Commission approved an extension of Respondent Owner's renewal license to December 31,  
8 2008, on the condition that:

9                   The gambling establishment will establish a repayment program for their  
10                   tax obligation and provide the information to the Commission by  
                    November 30, 2008.

11           36. On or about November 14, 2008, a fax cover sheet from Tax Inc., was forwarded to  
12 Commission staff that contained comments to the effect that Respondent Owner's tax debts would  
13 be resolved within 30 days of the date of fax cover sheet under an installment agreement for  
14 payments to the IRS of \$412 per month.

15           37. On or about December 11, 2008, the Commission approved the renewal of Respondent  
16 Owner's State Gambling License through August 31, 2009 on the condition that:

17                   The gambling establishment will send the Commission, no later than the  
18                   15th day of each month, documentation from the IRS substantiating  
19                   compliance with tax repayment obligations. The report will be due in  
                    January 2009 continuing until repayment has been completed.

20           38. On or about January 27, 2009, a fax cover sheet from Tax Inc., was forwarded to  
21 Commission staff containing comments to the effect that the IRS had yet to make a determination  
22 of the terms of the agreement under which Respondent Owner would make installment payments  
23 on the tax debts.

24           39. On or about May 15, 2009, Commission staff sent a letter to the designated agent for  
25 Respondent Owner to the effect that the Commission had not received "documentation  
26 substantiating compliance with tax obligations" as per the condition set forth in his renewal  
27 license.

28

1           40. On or about July 28, 2009, Commission staff sent a letter to the designated agent for  
2 Respondent Owner to the effect that the Commission had not received documentation  
3 substantiating compliance with the tax obligations as per the condition set forth in his renewal  
4 license.

5           41. On or about August 13, 2009, Commission staff sent to Respondent Owner a letter  
6 entitled "Commission Meeting Notification of Surrender of License and Order of Immediate  
7 Closure of the Premises," based upon Respondent Owner's failure to submit an application to  
8 renew his State Gambling License. The August 13, 2009, notification letter set forth that the  
9 Commission would consider at its August 27, 2009, meeting Respondent Owner's failure to file an  
10 application for renewal of his State Gambling License, the attendant surrender of his license, and  
11 the closure of the gambling establishment. The Commission staff recommendation memorandum  
12 that was included with the August 13, 2009, notification letter additionally set forth Respondent  
13 Owner's continuing failure to provide to the Commission documentation substantiating  
14 compliance with their tax obligations as per the condition set forth in his renewal license.

15           42. On or about August 27, 2009, Respondent Owner submitted an application for renewal  
16 of his State Gambling License.

17           43. On or about August 27, 2009, the Commission staff acknowledged receipt of  
18 Respondent Owner's license renewal application.

19           44. On or about September 9, 2009, the Commission approved an extension of  
20 Respondent Owner's renewal license to November 30, 2009.

21           45. On or about October 15, 2009, Respondent Owner through his designated agent  
22 submitted a letter to the effect that no agreement with the IRS for repayment of their back federal  
23 taxes had been reached.

24           46. On or about November 3, 2009, Bureau staff sent a letter to Respondent Owner  
25 through his designated agent requesting information regarding the payment of, or planned payment  
26 of, the outstanding tax balances that were the subject of multiple state and federal liens.

27           47. On or November 17, 2009, Bureau staff received from the Respondent Owners'  
28 designated agent a letter regarding Respondent Owner's tax situation to the effect that there

1 continued to be no repayment agreement with state and federal tax agencies and that the tax  
2 obligations remained unresolved.

3 48. As set forth in paragraphs 8 and 9, above, on or about November 24, 2009, the  
4 Commission considered Respondent Owner's application to renew his State Gambling License,  
5 and denied it. On or about December 7, 2009, the Commission by letter notified Respondent  
6 Owner of the Commission's denial of his application for renewal of his State Gambling License  
7 and referral of the matter to the Commission's hearing process. In this December 7, 2009, letter,  
8 the Commission additionally apprised Respondent Owner as follows:

9 Until the Commission has issued a final decision on your application,  
10 you may continue to operate your gambling establishment under the  
11 previous license issued on September 9, 2009, subject to the following  
12 condition:

13 1. The gambling establishment will send the Commission, no later than  
14 the 15th of day of each month, documentation from the Internal Revenue  
15 Service (IRS) substantiating compliance with tax repayment obligations.  
16 The first report will be due in January 2009 continuing until repayment has  
17 been completed.

18 To date, no documentation "substantiating compliance with the tax repayment obligations"  
19 as required in the December 7, 2009, letter and previous license renewals for Respondent Owner  
20 has been received by the Commission.

21 49. Because of their long-standing continuing failure to resolve the state and federal tax  
22 balances as referenced in conditions placed by the Commission on Respondent Owner's State  
23 Gambling License from June 8, 2006, to date, Respondent Owner's application for renewal of his  
24 State Gambling License is subject to denial under Business and Professions Code sections 19857,  
25 subdivisions (b) and (c), 19859, subdivisions (a) and (b), and 19876.

#### 26 SECOND CAUSE FOR DENIAL OF RENEWAL LICENSE APPLICATION

##### 27 (Failure to Submit Timely Submit Renewal Application)

28 50. Complainant incorporates by this reference each and every allegation contained in  
paragraphs 1 through 49, above, as though set forth herein full.

51. On or about March 11, 2009, Commission staff sent to Respondent Owner's  
designated agent a letter notifying Respondent Owner that his State Gambling License was set to

1 expire on August 31, 2009, and that a renewal application for his State Gambling License was  
2 required to be filed on or before April 30, 2009.

3 52. On or about June 12, 2009, Commission staff sent to Respondent Owner's designated  
4 agent a letter notifying Respondent Owner that he had failed to file his renewal application by  
5 April 30, 2009, and that he must submit his renewal license "immediately." This letter  
6 additionally notified Respondent Owner that the failure to renew his State Gambling license might  
7 result in disciplinary action being taken against his license.

8 53. On or about June 22, 2009, Commission staff spoke by telephone with the Respondent  
9 Owner's designated agent and apprised her that the deadline for Respondent Owner's submission  
10 of the renewal application was April 30, 2009. Respondent Owner's designated agent responded  
11 to the effect that the renewal application would be submitted.

12 54. On or about July 28, 2009, Commission staff sent a letter to Respondent Owner  
13 through his designated agent stating that the Commission had yet to receive Respondent Owner's  
14 application for renewal of his State Gambling License and that his failure to submit it "may result  
15 in the surrender of La Primavera's state gambling license and the immediate closure of La  
16 Primavera."

17 55. On or about August 13, 2009, Commission staff sent a letter to Respondent Owner  
18 through his designated agent notifying Respondent Owner that at the August 27, 2009, meeting of  
19 the Commission it would consider the surrender of his state gambling for his continued failure to  
20 file an application for renewal of his State Gambling License.

21 56. On or about August 27, 2009, Respondent Owner submitted his application for  
22 renewal of his State Gambling License.

23 57. In failing to timely submit his application for renewal of his State Gambling License,  
24 Respondent Owner violated Business and Professions Code section 19876, subdivision (b) and  
25 Commission regulation 12344, subdivision (a) (Cal. Code Regs., tit. 4, § 12344, subd. (a)).  
26  
27  
28

1 PRAYER

2 WHEREFORE, Complainant requests that a hearing be held pursuant to the procedures set  
3 forth in Business and Professions Code sections 19870, 19871, and 19876 on the matters herein  
4 alleged, and that following the hearing, the Commission issue a decision:

5 1. Denying the application of Respondent Candelario Salas for renewal of his State  
6 Gambling License as the owner of La Primavera Pool Hall and Café;

7 2. Awarding Complainant, pursuant to subdivisions (d) and (f) of Business and  
8 Professions Code section 19930, the costs of investigation and costs of preparation and  
9 prosecution of this Statement of Issues before the Commission, in a sum according to proof; and

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

11  
12 Dated: March 15, 2012



13 MARTIN J. HORAN IV, Acting Chief  
14 Bureau of Gambling Control  
15 California Department of Justice  
16 Complainant