

1 ROB BONTA
Attorney General of California
2 SARA J. DRAKE
Senior Assistant Attorney General
3 T. MICHELLE LAIRD
Supervising Deputy Attorney General
4 JAMES G. WAIAN
Deputy Attorney General
5 State Bar No. 152084
6 600 West Broadway, Suite 1800
San Diego, CA 92101
7 P.O. Box 85266
San Diego, CA 92186-5266
8 Telephone: (619) 738-9335
9 Fax: (619) 645-2012
E-mail: James.Waian@doj.ca.gov
Attorneys for Complainant



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

15 In the Matter of the Statement of Reasons for
Denial of Application for a State Gambling
16 License for:

17 **JOANNE MICHELE WILLIAMS**

18
19 License Number GEOW-004026,

20 **Respondent.**

BGC Case No. BGC-HQ2021-00016SL

CGCC Case No. CGCC-2021-0325-5B

21 **STATEMENT OF REASONS**

Hearing Date: February 22-23, 2022
Hearing Time: 9:00 a.m.
Hearing Place: Via Zoom Video Conference

22 Complainant alleges as follows:

23 **PARTIES**

24 1. Yolanda Morrow (Complainant) brings this Statement of Reasons for Denial of
25 Application for a State Gambling License solely in her official capacity as the Acting Director of
26 the California Department of Justice, Bureau of Gambling Control (Bureau).

27 2. On June 19, 2019, the Bureau received a complete Application for State Gambling
28 License form for Joanne Michele Williams (Respondent) to be an endorsed licensee for

1 Commerce Casino, a licensed gambling establishment with license number GECE-001093, in
2 Commerce, California.

3 **THE APPLICATION AND THIS PROCEEDING**

4 3. Following earlier incomplete submissions on April 2, 2019 and April 29, 2019, on
5 June 19, 2019, the Bureau received Respondent's complete Application for State Gambling
6 License form to accompany her previously submitted Gambling Establishment Owner Applicant
7 – Individual Supplemental Background Investigation Information (collectively referred to herein
8 as the Application). Respondent's Application sought approval for Respondent to be listed as an
9 endorsed licensee as a contingent beneficiary of the Harris Revocable Trust of 1988, which is a
10 1.37-percent shareholder of California Commerce Club, Inc., dba Commerce Casino.

11 4. On December 7, 2020, Complainant and Bureau staff conducted a pre-denial
12 telephone meeting with Respondent and her designated agents, Daniel Williams and Steve
13 Ledbetter, to inform them of the Bureau's recommendation to deny the Application.

14 5. On December 23, 2020, the Bureau issued its Initial Background Investigation
15 Report, Level III, California Commerce Club, Inc., dba Commerce Casino, Joanne Michele
16 Williams – Contingent Beneficiary, which recommended that Respondent's Application be
17 denied.

18 6. At its March 25, 2021 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 Gambling Control Act hearing under California Code of Regulations, title 4, section 12060.¹

22 7. On or about April 27, 2021, Respondent submitted a signed Notice of Defense
23 requesting an evidentiary hearing and indicating that Respondent would be represented by an
24 attorney.

25 8. On August 20, 2021, Respondent's attorney was notified that the evidentiary hearing
26 would be held before the Commission, via Zoom video conference, commencing on February 22,

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

1 2022. On December 1, 2021, Respondent’s attorney was notified that the evidentiary hearing
2 would commence at 9:00 a.m. on February 22, 2022.

3 **BURDEN OF PROOF**

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

6 **FIRST CAUSE FOR DENIAL**

7 **(Failure to Accurately and Honestly**
8 **Disclose Required Material Information)**

9 10. Respondent’s Application is subject to denial because Respondent, under penalty of
10 perjury, failed to disclose on and with her Application, and in response to requests from the
11 Bureau, required tax and financial information that is material to her Application.
12 (Bus. & Prof. Code, §§ 19856, 19857, 19859, subds. (a) & (b) [mandatory denial], 19866; Cal.
13 Code. Regs., tit. 4, § 12040, subds. (a)(1) [mandatory denial] & (a)(2) [mandatory denial].)

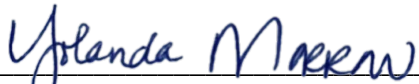
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PRAYER

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

Dated: January 7, 2022



Yolanda Morrow, Acting Director
Bureau of Gambling Control
California Department of Justice
Complainant

1 **APPENDIX A – STATUTORY AND REGULATORY PROVISIONS**

2 **STATUTES**

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

4 (b) “Applicant” means a person who has applied for a state
5 gambling license, a key employee license, a registration, a finding of
6 suitability, a work permit, a manufacturer’s or distributor’s license, or
7 an approval of any act or transaction for which the approval or
authorization of the commission or department^[2] is required or
permitted under this chapter.^[3]

8 * * *

9 (ad) “Owner licensee” means an owner of a gambling enterprise
who holds a state gambling license.

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

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

14 3. Business and Professions Code, section 19823 provides:

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

17 (1) Assuring that licenses, approvals, and permits are
18 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.

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

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

26 ² “Department” refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd.
(h).)

27 ³ “Chapter” refers to Business and Professions Code, division 8, chapter 5, (commencing
28 with section 19800), also known as the Gambling Control Act.

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

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

6 * * *

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

16 * * *

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

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

21 Every person who, either as owner, lessee, or employee, whether
22 for hire or not, either solely or in conjunction with others, deals,
23 operates, carries on, conducts, maintains, or exposes for play any
24 controlled game in this state, or who receives directly or indirectly,
25 any compensation or reward, or any percentage or share of the money
26 or property played, for keeping, running, or carrying on any controlled
27 game in this state, shall apply for and obtain from the commission, and
28 shall thereafter maintain, a valid state gambling license, key employee
license, or work permit, as specified in this chapter.

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

(a) Any person who the commission determines is qualified to receive a
state license, having due consideration for the proper protection of the health,
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.

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

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

1 7. Business and Professions Code, section 19857 provides:

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

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

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

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

15 8. Business and Professions Code section 19859 provides, in part:

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

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

20 (b) Failure of the applicant to provide information,
21 documentation, and assurances required by this chapter or requested
22 by the chief,⁴ or failure of the applicant to reveal any fact material to
23 qualification, or the supplying of information that is untrue or
24 misleading as to a material fact pertaining to the qualification criteria.

25 9. Business and Professions Code section 19866 provides:

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

10. Business and Professions Code, section 19870 provides:

(a) The commission, after considering the recommendation of
the chief and any other testimony and written comments as may be
presented at the meeting, or as may have been submitted in writing to
the commission prior to the meeting, may deny the application, grant a
license to an applicant who it determines to be qualified to hold the
license, or refer the application to an evidentiary hearing.

⁴ “Chief” refers to the Director of the Bureau. (Bus. & Prof. Code, § 19805, subd. (d).)

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

5 (c) If, during a meeting, the commission denies an application,
6 denies approval, or approves with limits, restrictions, or conditions,
7 the action shall be stayed for a period of 30 days after the meeting,
8 during which the applicant may request an evidentiary hearing. If the
9 applicant does not file a request for an evidentiary hearing within 30
10 days, the action of the commission taken at the meeting is final. If the
11 applicant waives the right to hearing and assents to the action of the
12 commission in writing, upon receipt of the waiver by the commission,
13 the action shall no longer be stayed. If the applicant files a timely
14 request for an evidentiary hearing, the action shall be vacated and the
15 application shall be reviewed de novo at the evidentiary hearing.

16 (d) When an application is denied after an evidentiary hearing,
17 the commission shall prepare and file a detailed statement of its
18 reasons for the denial.

19 (e) All proceedings relating to an application at a meeting of the
20 commission or at an evidentiary hearing shall be recorded
21 stenographically or by audio or video recording.

22 (f) A decision of the commission after an evidentiary hearing,
23 denying a license or approval, or imposing any condition or restriction
24 on the grant of a license or approval may be reviewed by petition
25 pursuant to Section 1085 of the Code of Civil Procedure. Section
26 1094.5 of the Code of Civil Procedure does not apply to any judicial
27 proceeding held to consider that petition, and the court may grant the
28 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.

11. Business and Professions Code, section 19871 provides:

(a) An evidentiary hearing 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.

(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.

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

3 (E) To offer rebuttal evidence.

4 (3) If the applicant does not testify on their own behalf, the
5 applicant may be called and examined as if under cross-
6 examination.

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

15 (b) This section does not confer upon an applicant a right to
16 discovery of the department's investigative reports or to require
17 disclosure of any document or information the disclosure of which is
18 otherwise prohibited by any other provision of this chapter.

19 REGULATIONS

20 12. California Code of Regulations, title 4, section 12040 provides, in part:

21 (a) An application for an initial or renewal license:

22 (1) Will be denied if the Commission finds that the
23 applicant has not satisfied the requirements of Business and
24 Professions Code section 19857; or,

25 (2) Will be denied if the Commission finds that any of the
26 provisions of Business and Professions Code section 19859
27 apply to the applicant.

28 13. 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 or retract an evidentiary hearing in
accordance with Section 12056 and, for a renewal application,
issue an interim renewal license pursuant to Section 12035. The
Commission will identify those issues for which it requires
additional information or consideration related to the applicant's
suitability.

1 14. 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 15. 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 will 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
16 on 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.

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

24 (c) The presiding officer and her or his support staff will have
25 no communication with the Commission or Commission staff upon the
26 merits of an application prior to the evidentiary hearing. The
27 Executive Director will designate a presiding officer which will be:

- 28 (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 will provide to the applicant, subject to
subsection (b) of Section 12056, at least 45 calendar days prior to the
GCA hearing, and the applicant must provide to the complainant, at
least 30 calendar days prior to the GCA hearing, the following items:

- (1) A list of potential witnesses with the general subject of
the testimony of each witness;
- (2) Copies of all documentary evidence intended to be
introduced at the hearing and not previously provided;

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

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

5 (f) A presiding officer will rule on the admissibility of evidence
6 and on any objections raised except for objections raised under
7 subsection (g). A ruling by the presiding officer is final.

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

15 (A) Evidentiary issues;

16 (B) Witness and exhibit lists;

17 (C) Alterations in the Bureau recommendation;

18 (D) Stipulations for undisputed facts and/or the
19 admission of evidence including without limitation the
20 Bureau's report;

21 (E) Authorizing offsite livestreaming appearances for
22 parties or witnesses if good cause has been presented and
23 only if the process for offsite livestreaming has been
24 approved by the Executive Director; and,

25 (F) Other issues that may be deemed appropriate to
26 promote the orderly and prompt conduct of the hearing.

27 (2) The GCA hearing need not be conducted according to
28 technical rules of evidence. Any relevant evidence may be
considered, and is sufficient in itself to support findings if it is
the sort of evidence on which reasonable 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.

(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.

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

10 (i) The burden of proof is always on the applicant to prove his,
11 her, or its qualifications to receive any license or other approval under
12 the Act.

13 (j) The applicant may choose to represent himself, herself, or
14 itself, or may retain an attorney or lay representative. Lay
15 representatives may assist the applicant but are not authorized to serve
16 as an attorney as otherwise defined and regulated by state law.

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

26 (l) Oral evidence will be taken upon oath or affirmation, which
27 may be administered by the Executive Director, a member of the
28 Commission, or the presiding officer if an Administrative Law Judge.

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