

RECEIVED

By CGCC Legal Division at 4:20 pm, Oct 27, 2023

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

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

14
15 In the Matter of the Statement of Reasons for
Denial of Application for Initial Commission
16 Work Permit for:

17 **DORA CHRISTINA BROWN**

18
19 Respondent.

BGC Case No. BGC-HQ2023-00005SL

CGCC Case No. CGCC-2023-0504-5

20
21 **STATEMENT OF REASONS**

Hearing Date: December 12, 14, and 15,
2023

Hearing Time: 10:00 a.m.

Hearing Place: 2399 Gateway Oaks Dr.,
Suite 100
Sacramento, CA 95833

22 **This hearing will be conducted by**
23 **means of video conferencing on Zoom.**
24 **The Zoom meeting code is 285 757**
25 **8614.**

1 Complainant alleges as follows:

2 **PARTIES**

3 1. Yolanda Morrow (Complainant) brings this Statement of Reasons for Denial of
4 Application for Initial Commission Work Permit solely in her official capacity as the Director of
5 the California Department of Justice, Bureau of Gambling Control (Bureau).

6 2. Outlaws Card Parlour (Outlaws) is a licensed gambling establishment located in
7 Atascadero, California, license number GEGE-001356, and currently employs Dora Christina
8 Brown (Respondent) as a bookkeeper.¹ On or about May 24, 2022, the California Gambling
9 Control Commission (Commission) issued a temporary work permit, number GEWP-003075, to
10 Respondent to permit her employment as a bookkeeper at Outlaws. Respondent was previously
11 licensed as the owner of Outlaws, under license number GEOW-002950, valid from December 1,
12 2000 to June 3, 2022.

13 **THE APPLICATION AND THIS PROCEEDING**

14 3. On or about May 23, 2022, the Bureau received an Application for Employee
15 Category License and a Commission Work Permit or TPPPS Worker: Supplemental Information
16 form (collectively, Application) from Respondent to permit her continued employment as a
17 bookkeeper at Outlaws.

18 4. The Bureau conducted a pre-denial meeting with Respondent's designated agent on
19 February 27, 2023. Following that meeting, on or about February 28, 2023, the Bureau submitted
20 a Work Permit Initial Background Investigation Report to the Commission recommending that
21 Respondent's Application be denied.

22 5. On or about April 21, 2023, the Commission sent a letter to Respondent notifying her
23 of the Commission's consideration of her Application at a regular Commission meeting on May 4,
24 2023. At that Commission meeting, the Commission referred the determination of Respondent's
25

26 _____
27 ¹ Respondent indicated on her work permit application that she has been employed as a
28 bookkeeper at Outlaws since 2017.

1 suitability to have her Application approved to an evidentiary hearing, pursuant to California Code
2 of Regulations, title 4, section 12060, subdivision (a).²

3 6. Respondent submitted a Notice of Defense to the Commission on or about May 12,
4 2023.

5 **BURDEN OF PROOF**

6 7. Respondent has the burden to prove that she is qualified to be granted a work permit.
7 (Bus. & Prof. Code, § 19856, subd. (a).)

8 **FIRST CAUSE FOR DENIAL**
9 **(Unsuitable for Work Permit - Multiple Gambling Control Act Violations)**

10 8. Respondent's Application is subject to denial, and her temporary work permit is
11 subject to voidance or revocation because on numerous occasions from November 2018 through at
12 least early 2020, and possibly other dates and times presently unknown to the Bureau, Respondent
13 was responsible for multiple violations of the Gambling Control Act during Outlaws' operations
14 while she was licensed as the owner of Outlaws. Respondent's prior activities and associations
15 demonstrate a pattern and practice of violating the law, posing a threat to the effective regulation
16 and control of controlled gambling, and creating or enhancing the dangers of unsuitable, unfair, or
17 illegal practices, methods, and activities in carrying on the business and financial arrangements
18 incidental to the conduct of controlled gambling. The Gambling Control Act violations included,
19 but were not necessarily limited to, the following:

20 **Permitting the Operation of a Card Room by an Unlicensed Individual**

21 a. On numerous occasions from November 2018 through at least early 2020,
22 and possibly other dates and times presently unknown to the Bureau, Respondent
23 knowingly allowed, permitted, or turned a blind eye to, unlicensed persons engaging in
24 activities related to Outlaws' operations while she was licensed as the owner of Outlaws.
25 The unlicensed persons included a person who had an ownership interest in the premises
26

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

1 where Outlaws is located, who also co-owned the restaurant adjoining Outlaws (the
2 Landlord). The conduct of unlicensed persons included, but was not necessarily limited to,
3 the following:

4 i. Unlicensed persons, on multiple occasions entered Outlaws' cage
5 without a key employee or Respondent being present.

6 ii. The Landlord, on multiple occasions, directed Outlaws' employees
7 in the performance of their duties, and acted as Outlaws' owner or manager.

8 iii. After the Bureau warned Respondent that the Landlord was
9 prohibited from directing Outlaws employees in the performance of their duties,
10 and from acting as Outlaws' owner or manager, Respondent asserted that she
11 warned the Landlord to stop directing Outlaws employees and to stop entering the
12 cage. However, when the Bureau obtained additional evidence, it showed that the
13 Landlord continued to act as an owner or manager. Respondent did not exercise
14 due care to stop these unlawful actions

15 iv. Respondent turned management of Outlaws, in whole or in part,
16 over to the Landlord and the Landlord directed Outlaws' operations, exercising
17 significant influence over the gambling operation.

18 **Responsible for Continuing Violations of Minimum Internal Control Standards**

19 b. On numerous occasions from November 2018 through at least early 2020,
20 and possibly other dates and times presently unknown to the Bureau, while Respondent
21 was licensed as the owner of Outlaws, Outlaws routinely violated the Commission's
22 Minimum Internal Control Standards (MICS) related to the security of Outlaws' cage,
23 chips, and cash. These violations included, but were not necessarily limited to, the
24 following acts and omissions:

25 i. Unaccompanied access to Outlaws' cage by the Landlord, Outlaws'
26 contracted third-party provider of proposition player services, and various
27 unlicensed employees of the adjoining restaurant;
28

- 1 ii. Failure to document all individuals who entered Outlaws' cage on
2 the cage log;
- 3 iii. Unauthorized individuals, including the Landlord, handling
4 Outlaws' chips; and
- 5 iv. Leaving cash and chips unattended on gambling tables.

6 **Responsible for Routine Failure To Ensure That Employees at All Times**
7 **Wear Badges or Display Work Permits**

8 c. On numerous occasions from November 2018 through at least early 2020,
9 and possibly other dates and times presently unknown to the Bureau, Respondent, while
10 licensed as the owner of Outlaws, allowed, permitted, or turned a blind eye to, Outlaws'
11 employees and unauthorized restaurant employees working on the gambling floor without
12 wearing badges or displaying their work permits in violation of Commission regulations
13 and the Atascadero Municipal Code. These violations continued even though Respondent
14 issued a notice to Outlaws' employees after the Bureau issued a Letter of Warning to
15 Respondent.

16 **Responsible for Failure To Offer the Player-dealer Position as**
17 **Required in Specific Controlled Games**

18 d. On numerous occasions in early to mid-2019, and possibly other dates and
19 times presently unknown to the Bureau, Respondent, while she was licensed as the owner
20 of Outlaws, failed to ensure that Outlaws' dealers continuously and systematically rotated
21 the player-dealer position in controlled games, as required by the Gambling Control Act,
22 the Penal Code, Bureau and Commission regulations, and the rules of the games as
23 approved by the Bureau. On numerous occasions, dealers at Outlaws failed to offer the
24 player-dealer position in controlled games that featured a rotating player-dealer position.
25 (Bus. & Prof. Code, §§ 19823, 19850, 19856, 19857, 19859, subd. (a) [mandatory denial], 19912,
26 19914, 19920, 19921, 19922, 19923, 19924; Pen. Code, § 330.11; Cal. Code. Regs., tit. 4, §§
27 12040, subds. (a)(1) & (2) [mandatory denial], 12106, 12122, subd. (d), 12290, 12386, subd. (a),
28

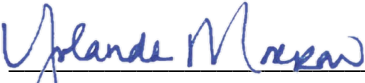
1 12395, subd. (a), tit. 11, § 2070; Atascadero Mun. Code, tit. 3, ch. 5, § 3-5.105, subds. (c)(1),
2 (e)(1) & (4).)

3 **PRAYER**

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

- 6 1. Denying Respondent’s application for an initial work permit;
7 2. Voiding or revoking Respondent’s temporary work permit; and
8 3. Taking such other and further action as the Commission may deem appropriate.

9
10 Dated: October 27, 2023



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

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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

2 **STATUTES**

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

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

- 7 2. Business and Professions Code section 19823 provides:

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

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

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

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

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

22 The commission shall have all powers necessary and proper to enable it fully and
23 effectually to carry out the policies and purposes of this chapter,^[3] including, without
24 limitation, the power to do all of the following:

25 [¶] . . . [¶]

26 (b) For any cause deemed reasonable by the commission, deny any application
27 for a license, permit, or approval provided for in this chapter or regulations adopted
28 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 license of the gambling enterprise.

[¶] . . . [¶]

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

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

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

gambling activities.

4. Business and Professions Code section 19850 provides:

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 game in this state, shall apply for and obtain from the commission, and shall thereafter maintain, a valid state gambling license, key employee license, or work permit, as specified in this chapter. In any criminal prosecution for violation of this section, the punishment shall be as provided in Section 337j of the Penal Code.

5. Business and Professions Code section 19853, subdivision (a), provides:

The commission, by regulation or order, may require that the following persons register with the commission, apply for a finding of suitability as defined in subdivision (j) of Section 19805, or apply for a gambling license:

[¶] . . . [¶]

(3) Any person who does business on the premises of a licensed gambling establishment.

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

(a) 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.

7. Business and Professions Code section 19857 provides:

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

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

(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.

8. Business and Professions Code section 19859, subdivision (a), provides:

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

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

5 9. Business and Professions Code section 19870 provides:

6 (a) The commission, after considering the recommendation of the chief⁴ and
7 any other testimony and written comments as may be presented at the meeting, or as
8 may have been submitted in writing to the commission prior to the meeting, may
9 deny the application, grant a license to an applicant who it determines to be qualified
10 to hold the license, or refer the application to an evidentiary hearing.

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

14 (c) If, during a meeting, the commission denies an application, denies approval,
15 or approves with limits, restrictions, or conditions, the action shall be stayed for a
16 period of 30 days after the meeting, during which the applicant may request an
17 evidentiary hearing. If the applicant does not file a request for an evidentiary hearing
18 within 30 days, the action of the commission taken at the meeting is final. If the
19 applicant waives the right to hearing and assents to the action of the commission in
20 writing, upon receipt of the waiver by the commission, the action shall no longer be
21 stayed. If the applicant files a timely request for an evidentiary hearing, the action
22 shall be vacated and the application shall be reviewed de novo at the evidentiary
23 hearing.

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

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

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

10. 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.

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

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

(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 if 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 on their own behalf, the applicant may be called and examined as if under cross-examination.

(4) The hearing 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) This section does not confer upon an applicant a right to discovery of the department's⁵ 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.

11. Business and Professions Code section 19912, subdivision (d), provides:

(d) Application for a work permit for use in any jurisdiction where a locally issued work permit is not required by the licensing authority of a city, county, or city and county shall be made to the department, and may be granted or denied by the commission for any cause specified under this chapter.

12. Business and Professions Code section 19914 provides:

(a) The commission may revoke a work permit or, if issued by the licensing authority of a city, county, or city and county, notify the authority to revoke it, and the licensing authority shall revoke it, if the commission finds, after a hearing, that a gambling enterprise employee or independent agent has failed to disclose, misstated, or otherwise misled the department or the commission with respect to any fact contained in any application for a work permit, or if the commission finds that the employee or independent agent, subsequent to being issued a work permit, has done any of the following:

⁵ "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd. (h).)

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

(1) Committed, attempted, or conspired to do any acts prohibited by this chapter.

(2) Engaged in any dishonest, fraudulent, or unfairly deceptive activities in connection with controlled gambling, or knowingly possessed or permitted to remain in or upon any premises any cards, dice, mechanical devices, or any other cheating device.

(3) Concealed or refused to disclose any material fact in any investigation by the department.

(4) Committed, attempted, or conspired to commit, any embezzlement or larceny against a gambling licensee or upon the premises of a gambling establishment.

(5) Been convicted in any jurisdiction of any offense involving or relating to gambling.

(6) Accepted employment without prior commission approval in a position for which the employee or independent agent could be required to be licensed under this chapter after having been denied a license or after failing to apply for licensing when requested to do so by the commission.

(7) Been refused the issuance of any license, permit, or approval to engage in or be involved with gambling or parimutuel wagering in any jurisdiction, or had the license, permit, or approval revoked or suspended.

(8) Been prohibited under color of governmental authority from being present upon the premises of any licensed gambling establishment or any establishment where parimutuel wagering is conducted, for any reason relating to improper gambling activities or any illegal act.

(9) Been convicted of any felony.

(b) The commission shall revoke a work permit if it finds, after hearing, that the holder thereof would be disqualified from holding a state gambling license for the reasons specified in subdivision (f) or (g) of Section 19859.

(c) This section shall not be construed to limit any powers of the commission with respect to licensing.

13. Business and Professions Code section 19920 provides:

It is the policy of the State of California to require that all establishments wherein controlled gambling is conducted in this state be operated in a manner suitable to protect the public health, safety, and general welfare of the residents of the state. The responsibility for the employment and maintenance of suitable methods of operation rests with the owner licensee, and willful or persistent use or toleration of methods of

1 operation deemed unsuitable by the commission or by local government shall
2 constitute grounds for license revocation or other disciplinary action.

3 14. Business and Professions Code section 19921 provides:

4 (a) A person under 21 years of age is not permitted to enter upon the premises of
5 a licensed gambling establishment, or any part thereof, except for the following
6 areas:

7 (1) An area separated from a gambling area, used for a nongaming
8 purpose, including for maintenance, parking, or business offices, or for the
9 purpose of dining or food or beverage service or preparation. For purposes of
10 this subdivision, a place where food or beverages are dispensed primarily by
11 a vending machine is not a place for dining.

12 (2) Restrooms.

13 (3) A supervised room that is physically separated from a gambling area
14 and used primarily for the purpose of entertainment or recreation.

15 (4) Those areas authorized in connection with employment in accordance
16 with subdivision (b) of Section 19911.

17 (b) A person who is under 21 years of age and not a gambling enterprise
18 employee may enter upon or pass through a gambling area on a designated pathway
19 to reach any of the areas described in paragraphs (1) to (3), inclusive, of subdivision
20 (a) only if accompanied by a person or gambling enterprise employee who is 21
21 years of age or over.

22 (c) A person under 21 years of age shall not be permitted to loiter in a gaming
23 area.

24 15. Business and Professions Code section 19922 provides:

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

27 16. Business and Professions Code section 19923 provides:

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

17. Business and Professions Code section 19924 provides:

Each owner licensee shall maintain security controls over the gambling premises and
all operations therein related to gambling, and those security controls are subject to
the approval of the commission.

1 18. Penal Code section 330.11 provides:

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

12 REGULATIONS

13 19. California Code of Regulations, title 4, section 12040, provides, in part:

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

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

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

20 20. California Code of Regulations, title 4, section 12056, subdivision (a), provides, in
21 part:

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

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

27 (a) If the Executive Director determines it is appropriate, he or she may set an
28 application for consideration at a GCA hearing in advance of a meeting pursuant to
Section 12054. The Executive Director will give notice to the applicant, pursuant to
paragraph (2) subsection (c) of Section 12052, to the Office of the Attorney General,
and to the Bureau no later than 90 calendar days in advance of the GCA hearing.
The Executive Director’s determination will be based on information contained in
the Bureau’s report or other appropriate sources including, without limitation, a
request from the Bureau or applicant as well as the Commission’s operational
considerations.

(b) When a GCA hearing is elected pursuant to Section 12056, subsection (a), the
Executive Director will give notice to the applicant, pursuant to paragraph (2)
subsection (c) of Section 12052, to the Office of the Attorney General, and to the
Bureau no later than 60 calendar days in advance of the GCA hearing.

1 (c) An applicant may request that his, her, or its GCA hearing be held at a
2 Southern California location instead of the Commission's principal office in
3 Sacramento, by completing the appropriate section on the Notice of Defense, CGCC-
4 CH1-03 (Rev. 08/21). The request must be made on the initial Notice of Defense
5 form submitted to the Commission and Bureau within the timeframes specified on
6 the form.

7 (1) The Executive Director will approve a Southern California GCA
8 hearing, if the request is timely made on the initial Notice of Defense form
9 and meets all of the following criteria:

10 (A) The GCA hearing is estimated by Commission staff to last no
11 longer than four hours.

12 (B) The primary residence of the applicant is located in one of the
13 following counties: Imperial, Kern, Los Angeles, Orange, Riverside, San
14 Diego, San Luis Obispo, San Bernardino, Santa Barbara, or Ventura.

15 (C) A GCA hearing will be noticed for a Southern California
16 location only when it is in the best public interest, promotes judicial
17 economy, and comports with the Commission's availability.

18 (2) If at any time before the hearing, the Executive Director determines
19 that the criteria in subparagraphs (A) through (C) of paragraph (1) are no
20 longer met, Commission staff may cancel the Southern California GCA
21 hearing and issue a new notice for a hearing at the Commission's principal
22 office in Sacramento.

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

27 (1) A member of the Commission's legal staff; or,

28 (2) An Administrative Law Judge.

(e) 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. For a Southern California GCA hearing, if a
continuance is granted, the hearing may be scheduled in Sacramento or Southern
California based on the criteria specified in subparagraphs (A) through (C) of
paragraph (1) of subsection (c).

(f) 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
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

- (3) Reports or statements of parties and witnesses, if available; and
- (4) All other written comments or writings containing relevant evidence.

(g) The provisions of subsection (f) of this section provide the exclusive right to and method of discovery between the applicant and complainant to a GCA hearing. Discovery is not permitted upon a Commission member or an advisor of the Commission unless a showing is made that they have direct personal factual information pertaining to material issues related to the application at issue and the information to be gained from the Commission member or advisor of the Commission is not available through any other sources.

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

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

- (A) Evidentiary issues;
- (B) Witness and exhibit lists;
- (C) Alterations in the Bureau recommendation;
- (D) Stipulations for undisputed facts and/or the admission of evidence including without limitation the Bureau's report;
- (E) Authorizing offsite livestreaming appearances for parties or witnesses if good cause has been presented and only if the process for offsite livestreaming has been approved by the Executive Director; and,
- (F) Other issues that may be deemed appropriate to promote the orderly and prompt conduct of the hearing.

(2) The GCA 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 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.

(i) 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 (f); or
- (2) Continue any meeting or hearing as necessary to mitigate any prejudice.

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

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

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

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

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

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

27 22. California Code of Regulations, title 4, section 12106, provides:

28 (a) Each initial, renewal, temporary, or interim employee category license or
TPPPS owner type license issued by the Commission to a natural person will be
accompanied by a badge. Additionally, any cardroom owner type licensee who has
duties in the gambling establishment will have a badge issued to them. A badge
issued by the Commission will contain all of the following on its front:

- (1) A photograph of the holder;
- (2) The first name of the holder;
- (3) The license or Commission work permit number;
- (4) The expiration date of the license or Commission work permit; and,
- (5) The type of initial, renewal, temporary, or interim license or
Commission work permit the badge is being issued for.

(b) A badge issued by the Commission will contain the full name of the holder on
its back.

1 (c) When required to be worn, a Commission issued badge must be worn by the
2 person to whom it was issued in a prominently visible and conspicuous manner.

3 (d)(1) A cardroom employee type licensee must wear their badge at all times
4 while on duty in the gambling establishment and in a location allowing for public
5 view, and if not must maintain the badge within the gambling establishment or on
6 their person;

7 (2) A cardroom owner type licensee must wear their badge at all times
8 while on duty in the gambling establishment and in a location allowing for
9 public view if performing the duties of a cardroom employee type licensee,
10 and if not must maintain the badge within the gambling establishment or on
11 their person; and,

12 (3) A TPPPS category licensee must wear their badge whenever present
13 in any gambling establishment which has an approved TPPPS contract with a
14 TPPPS business licensee that is owned by or employs the licensee, including
15 when not on duty.

16 (e) A licensee or holder of a Commission work permit must present their badge
17 upon request, without delay or interference, to the employee's employer or
18 supervisor, a representative of the Commission or Bureau, or anyone requesting to
19 verify that the license or Commission work permit is valid.

20 (f) A badge must not be altered in any manner nor may the content of the badge
21 be obstructed from view.

22 (g) A badge that has expired or is determined to be invalid, pursuant to any
23 applicable provision of the Act or this division, cannot be used to gain employment
24 or perform any duties which require a valid license or work permit badge. An
25 expired or invalid Commission issued badge must be surrendered to the Bureau
26 within 30 calendar days unless requested sooner.

27 23. California Code of Regulations, title 4, section 12122, subdivision (d), provides:

28 (d) Upon issuance or denial of a license or Commission work permit by the
Commission, the temporary license will become void and cannot be used thereafter.

29 24. California Code of Regulations, title 4, section 12290, provides:

30 (a) A TPPPS licensee must comply with game rules approved by the Bureau,
31 including but not limited to the rules regarding player-dealer rotation and table
32 wagering.

33 (b) Only an authorized player may possess, direct, or otherwise control currency,
34 chips, or other wagering instruments used for play in the performance of a TPPPS
35 contract.

36 (c) The cardroom business licensee must notify the Bureau within five calendar
37 days of the following incidents:

38 (1) An electronic playing book device, system, or database failure that
prevents it from functioning as initially approved.

1 (2) Impermissible use or access to the electronic playing book device
2 system.

3 (3) Failure of the electronic playing book database to synchronize
4 information from the electronic playing book device for a period longer than
5 24 hours.

6 (d) A TPPPS contract may, concerning any table assigned for play by the
7 contracted TPPPS business licensee, contain a provision precluding players of any
8 other TPPPS business licensee from playing at that table during the periods of play
9 assigned by the TPPPS contract for the contracted TPPPS business licensee.

10 (e) The cardroom business licensee is not precluded from assigning a seat at the
11 table to a TPPPS business licensee.

12 25. California Code of Regulations, title 4, section 12386, subdivision (a), provides:

13 (a) The policies and procedures for all tiers must meet or exceed the following
14 standards for cages:

15 (1) The cardroom business licensee must maintain within the gambling
16 establishment at least one separate and secure area at a fixed location that is
17 designated as a cage. A cage must be located, designed, constructed and
18 operated to provide convenience for patron transactions while maintaining
19 appropriate security and accountability for all monetary transactions
20 occurring at the cage and all cage contents.

21 (2) The cardroom business licensee must assign at least one gambling
22 enterprise employee to process monetary transactions at a cage. The titles,
23 classifications, or positions of all employees assigned to process monetary
24 transactions at a cage must be listed on the gambling enterprise's
25 organizational chart. The assigned employees' duties may include any or all
26 of the following:

27 (A) Custody of the cage inventory or individual cashiers' banks,
28 which is comprised of currency, coin, patron checks, gambling chips,
forms, documents and records consistent with the operation of a cage
or an individual cashier's bank.

(B) Receipt and distribution of gambling chips through internal
operations.

(C) Sale and redemption of chips through patron transactions.

(D) Deposits to and withdrawals from players' banks and dealers'
banks, if applicable.

(E) Check cashing and extensions of credit for patrons, as
permitted by the cardroom business licensee's policies and procedures.

(F) Preparation of cage accountability reconciliations and records
necessary to document compliance with the requirements of this
chapter.

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

(G) Recording patron information that is necessary for compliance with the requirements of sections 5313 and 5314 of Title 31 of the United States Code, applicable regulations in Chapter X (effective as of July 1, 2011) of Title 31 of the Code of Federal Regulations and any successor provisions, and subsection (a) of Section 12315.

(H) The proper accounting and safeguarding of any cage bank or cashier's bank, and gambling equipment or confidential documents when kept in a cage.

(3) Routine access and entry into a cage, or an area designated as a cage pursuant to paragraph (1) of this subsection, must be limited to on-duty cage personnel assigned pursuant to paragraph (2) of this subsection. Other employees of the gambling enterprise who hold a valid cardroom category license may be granted access to a cage or cage area for the purpose of performing their duties.

(4) A log must be maintained, either in writing or electronically, to document entry into a cage by any person not authorized access pursuant to paragraphs (2) and (3) of this subsection. The log must contain the person's name, title, date of entry, and time entering and exiting; or provide substantially equivalent information through an automated access control system. Any automated access control system must provide a secure, tamperproof means of recording and maintaining entry and exit information.

(5)(A) Cage and cashiers' banks must be reconciled after each shift by the incoming and outgoing assigned cage employees. If an imprest is used, each outgoing cage employee responsible for an imprest must balance his or her imprest to the imprest amount. The recordable cage transactions and reconciliations must be posted and reconciled to the general ledger at least monthly.

(B) The reconciliation of each cage and cashiers' bank must be documented on a cage accountability form that must include, at a minimum, all of the following, as applicable:

1. The date of the reconciliation;
2. The designation of the shift being reconciled;
3. An accounting of the contents of the cage bank, cashiers' banks, and, if applicable, players' banks in use during the subject shift, including:
 - i. The beginning shift balances, unless an imprest is used;
 - ii. All transactions recordable to the general ledger;
 - iii. The ending balances of cash and chips;
 - iv. An identification of any overage or shortage with an explanation, if known.

1 4. The amount assigned or issued from the cage to dealers'
2 banks and floor banks in use during the subject shift.

3 5. The printed name and signature of each assigned cage
4 employee performing the reconciliation, as applicable.

5 (6) The purchase or redemption of gambling chips by a patron may only
6 occur at a cage or from an authorized cardroom category licensee on the
7 gambling floor. Cardroom category licensees may not permit TPPPS
8 category licensees to purchase or redeem gambling chips for cash or cash
9 equivalents from a patron or to sell gambling chips to a patron. For the
10 purposes of this article, the sale, purchase or redemption of gambling chips
11 may not include the exchange of a chip or chips of one total value for a chip
12 or chips of an equal total value.

13 (7) If a cardroom business licensee operates more than one cage at any
14 time during any shift, all cages, irrespective of their designations (e.g., main
15 cage, satellite cage, auxiliary cage, supplementary cage, secondary cage, back
16 up cage, support cage, etc.), will be subject to and comply with all provisions
17 of this article applicable to the operation and functions of cages for the
18 cardroom business licensee's tier.

19 26. California Code of Regulations, title 4, section 12395, subdivision (a), provides:

20 (a) The policies and procedures for all Tiers must meet or exceed the following
21 standards for security:

22 (1) Access to non-public areas of the gambling establishment that have
23 access to the gambling establishment's currency or unsecured gambling
24 equipment, including but not limited to cages, count rooms, vaults, and
25 security offices, must be limited to authorized cardroom category licensees,
26 holders of a local work permit, or employees of a registered manufacturer or
27 distributor only in the performance of their duties, or other person(s) if
28 escorted and observed at all times by an authorized cardroom category
licensee or holder of a local work permit in person or observed through a
continuous live surveillance system. For purposes of this paragraph,
"unsecured gambling equipment" means any gambling equipment in a non-
public area that is not stored in a locked receptacle, drawer, or compartment
which is under continuous recorded video surveillance, and does not include
any gambling equipment that is not subject to tampering or related to game
outcomes, such as gaming tables, table felts, chip trays, and lammers. This
paragraph does not limit a proposition player contract's inclusion of a
provision consistent with paragraph (13) of subsection (b) of Section 12270.

(2) Access to any room used for the media storage for the surveillance
system, pursuant to Section 12396, must be limited to authorized cardroom
category licensees and holders of a local work permit only in the performance
of their duties, or other person(s) either if escorted and observed at all times
by an authorized cardroom category licensee or holder of a local work permit
in person, or observed or reviewed by a cardroom category licensee or holder
of a local work permit using a continuous surveillance system. This
paragraph does not limit a proposition player contract's inclusion of a
provision consistent with paragraph (13) of subsection (b) of Section 12270.

1 (3) Cardroom business licensees must file an incident report with the
2 Bureau's Criminal Intelligence Unit within five business days of either of the
3 following:

4 (A) Any cardroom owner type licensee or key employee licensee
5 contacting a local law enforcement agency, pursuant to the provisions
6 of the licensee's security plan, regarding any reasonably suspected
7 violation of the Act, this division, Division 3 of Title 11 of the
8 California Code of Regulations, any statute set forth in sections 330
9 through 337z of the Penal Code that pertains to gambling, section
10 1916-3(b) of the 322 Civil Code (loan-sharking), chapter 1
11 (commencing with section 11000) of division 10 of the Health and
12 Safety Code (illegal possession or distribution of controlled
13 substances), section 4022 of the Business & Professions Code (illegal
14 possession or distribution of dangerous drugs), or any violation of the
15 following Penal Code sections: 186.10 (money laundering), 211
16 (robbery), 245 (assault with deadly weapon), 266h (pimping), 266i
17 (pandering), 459 (burglary), 470 (forgery), 476 (fraud), 487 (grand
18 theft), 488 (petty theft), 503 (embezzlement), 518 (extortion), 641.3
19 (commercial bribery), 648 (counterfeit currency), 653.22 (loiter for
20 prostitution), 653.23 (pimping), or 647(b) (prostitution).

21 (B) Any cardroom owner type licensee or key employee licensee
22 obtaining knowledge or notice of any reasonably suspected violation
23 listed in subparagraph (A).

24 (4) Cardroom business licensees must submit an "Incident Report Form,"
25 CGCC-CH7-08 (New 08/22), which is attached in Appendix A to this
26 Chapter, within five business days of the following incidents:

27 (A) When the cardroom business licensee obtains evidence that a
28 reasonably suspected violation of any of the following occurred:

1. The Act, this division, Division 3 of Title 11 of the
California Code of Regulations, any statute set forth in
sections 330 through 337z of the Penal Code, or any
misdemeanor violation of an ordinance of the applicable city,
county, or city and county that pertains to gambling;

2. Section 1916-3(b) of the Civil Code (loan-sharking);

3. Section 11012 of the Health and Safety Code
(distributing a controlled substance, as defined in Section
11007 of the Health and Safety Code); or

4. Penal Code sections 148.10 (resisting a peace officer
resulting in death or serious bodily injury to peace officer),
186.10 (money laundering), 211 (robbery), 220 (assault with
intent to commit mayhem, rape, sodomy, oral copulation or
other specified offense), 236.1 (human trafficking), 243.4
(sexual battery), 245 (assault with deadly weapon or force
likely to produce great bodily injury), 261 (rape), 266h
(pimping and pimping a minor), 266i (pandering and
pandering of a minor), 286 (criminal sodomy), 287 (criminal
oral copulation), 288 (lewd and lascivious acts on a child), 289

1 (forcible acts of sexual penetration), 347 (poisoning food or
2 drink), 422 (criminal threats), 470 (forgery: signatures or
3 seals), 470b (display or possession of forged driver's license or
4 identification card), 476 (forgery: fictitious or altered bills,
5 notes or checks), 518 (extortion), 641.3 (commercial bribery),
6 647(b) (prostitution), or 653.23 (supervising or otherwise
7 aiding a prostitute).

8 (B) Any incident involving:

9 1. A theft valued at an amount consistent with the dollar
10 amount provided in subdivision (a) of Penal Code section 487,
11 or any dollar amount if the theft is reasonably suspected to
12 have been committed by a cardroom category licensee, local
13 work permittee, or TPPPS category licensee;

14 2. The death of a person;

15 3. The on-site presence of law enforcement in response to
16 a physical injury of a person;

17 4. The theft of \$500 or more in chips, or any dollar amount
18 if the theft is reasonably suspected to have been committed by
19 a cardroom category licensee, local work permittee, or TPPPS
20 category licensee;

21 5. The discovery of \$500 or more in counterfeit currency
22 and/or chips in a 24-hour period, or any dollar amount if the
23 counterfeiting is reasonably suspected to have been committed
24 by a cardroom category licensee, local work permittee, or
25 TPPPS category licensee;

26 6. The discovery of \$500 or more in counterfeit currency
27 and/or chips cumulatively linked to a specific individual or
28 group of individuals over a two-week period; or

7. The immediate evacuation of the gambling
establishment for a reason such as a false bomb threat (Penal
Code Section 148.1).

(C) Any incident involving:

1. The forfeiture, pursuant to subparagraph (C) of
paragraph (4) of subsection (a) of Section 12463 or paragraph
(5) of subsection (a) of Section 12464, of any unredeemed
jackpots or prizes;

2. The arrest of any associated cardroom endorsee licensee,
cardroom employee type licensee, or holder of a local work
permit; or

3. The approval with conditions, denial, suspension, or
revocation of a license, permit, or authorization to work in a
gambling establishment by any city, county, or city and county
regarding any associated cardroom endorsee licensee,

1 cardroom employee type licensee, or holder of a local work
2 permit. An incident report does not need to be filed for a
3 denial unless that denial is for a reason that is substantially
4 similar to either subdivision (a) or (b) of Business and
5 Professions Code section 19857 or any subdivision of
6 Business and Professions Code section 19859.

7 (D) For subparagraphs (A) and (B), the cardroom business
8 licensee need only submit an "Incident Report Form," CGCC-CH7-
9 08, if the suspected violation or incident occurred within the gambling
10 establishment or in any adjacent space owned, managed, controlled,
11 rented, or utilized by the cardroom business licensee for or in
12 connection with the gambling operation. This includes, but is not
13 limited to, parking lots, restrooms, restaurants, and hotels. The
14 cardroom business licensee is not required to submit an incident report
15 for an incident that occurs in a part of the gambling establishment or
16 adjacent space owned, managed, or rented by the cardroom business
17 licensee if that space is solely utilized by the TPPPS business licensee
18 under the terms of the TPPPS contract.

19 (5) Cardroom business licensees must maintain a list of all mechanical
20 keys or electronic card keys to the locking devices used to secure the
21 gambling establishment, restricted areas of the gambling establishment, or
22 any fixtures, appurtenances and equipment used in the gambling operation,
23 the names of all cardroom employee type licensees who have been issued,
24 possess or have access to any of those keys, and the location where un-issued
25 keys are stored. If any coded mechanical or electronic locking devices are
26 used, the list must include all access codes and combinations, as applicable,
27 and the names of all cardroom employee type licensees who possess any code
28 or combination, or who control the mechanism to open any of the locks. The
cardroom business licensee may maintain a master list or separate
departmental lists. Each list must be:

(A) Continuously maintained while current, at a minimum, in a
permanent, written form and dated as of the date created or updated;

(B) Updated as changes in the information contained in the list
changes;

(C) Kept in a secure, locked receptacle, such as a key control box,
safe, locking file drawer or similar container; and

(D) Retained for a minimum of one year after the list has been
updated.

27. California Code of Regulations, title 11, section 2070, provides:

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

(a) Offer for play any game that is prohibited or made unlawful by statute, local
ordinance, regulation, or final judgment by a competent court of law;

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

1 (c) Fail to display at every table where a game is offered, the specific name of the
2 game, or the variation thereof, that is then available for play at the table;

3 (d) Fail to give ample notice of the fee collection rates applicable to each table to
4 the patrons of the gambling establishment;

5 (e) Fail to determine and collect applicable fees from all players at the table prior
6 to the start of play of any hand or round; and

7 (f) Fail to place in a conspicuous place, or make readily available to the patrons, a
8 printed list of the rules of play for each gaming activity offered at the gambling
9 establishment.

10 LOCAL LAWS

11 28. Atascadero Municipal Code, section 3-5.105 “Cardrooms,” provides, in part:

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

13 (a) License Required. It shall be unlawful for any person for him or herself, or
14 for any other person, to engage in or carry on, maintain or conduct, or cause to be
15 engaged in, carried on, maintained, or conducted, any cardroom in the City without
16 first having secured a license from the City to do so according to each and every
17 requirement of this section or without complying with each and every regulation set
18 forth in this section pertaining to such cardroom. Each licensee and operator of a
19 cardroom shall employ only those persons who have obtained a work permit as
20 defined and set forth herein.

21 [¶] . . . [¶]

22 (c) License—Application—Bond. To apply for a cardroom license, a person
23 shall take the following steps:

24 (1) Every applicant for a license shall first obtain a State gambling license
25 as required by the Gambling Control Act and the implementing regulations
26 (California Code of Regulations, Title 11, Division 3, Chapter 1, Article 1,
27 Section 2000 et seq.). Every applicant shall fully comply with the Act and
28 the implementing regulations including, but not limited to, Section 2050 of
Title 11 of the California Code of Regulations that requires an owner or a key
employee, as defined by the Act, to be on the premises, at all times that the
establishment is open to the public unless the Division of Gambling Control
authorizes availability by telephone. Key employees must obtain a key
employee license as required by the Act[.]

[¶] . . . [¶]

(e) Cardroom Work Permit—Application and Denial.

(1) Cardroom employees must obtain a cardroom work permit from the
Director of Administrative Services or designee of the City of Atascadero.
For the purposes of this chapter, “cardroom enterprise employees” are
defined as any natural person employed in the operation of a gambling
enterprise, including without limitation, dealers, floor personnel, security
employees, countroom personnel, cage personnel, collection personnel,
surveillance personnel, data-processing personnel, appropriate maintenance
personnel, waiters and waitresses, and secretaries, or any other natural person

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

whose employment duties require or authorize access to restricted gambling establishment areas.

[¶] . . . [¶]

(4) Cardroom work permits shall be prominently displayed in the cardrooms by any cardroom employees when they are working.

[¶] . . . [¶]

(h) Attendance by Minors. No person under the age of twenty-one (21) shall be employed in or allowed to frequent, remain in or visit any room or premises wherein is conducted or operated any card table licensed under the provisions of this chapter.