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9 **BEFORE THE**
10 **CALIFORNIA GAMBLING CONTROL COMMISSION**

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13 **CASE NO.**

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

STATEMENT OF ISSUES

16 **Robert Saucier and Galaxy**
17 **Gaming of California, LILAC,**

18 **Respondents.**
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20 JACOB APPELSMITH, Complainant herein, alleges as follows:

21 **PARTIES**

22 1. Complainant Jacob Appelsmith, brings this Statement of Issues solely in his official
23 capacity as Chief of the Bureau of Gambling Control of the California Department of Justice. At
24 all times relevant hereto, the Bureau of Gambling Control ("Bureau") was statutorily designated
25 as the Division of Gambling Control ("Division"), in which was vested the authority to act as
26 hereinafter set forth. At all times relevant hereto, the Chief of the Bureau was designated as the
27 Director of the Division ("Director"), in whom was vested the authority to act as herein set forth.
28 Subsequent to that time, the Attorney General reconstituted the Division as the Bureau (see Gov.

1 Code, §§ 15001.1, 15002.5) and the Gambling Control Act was later amended to substitute the
2 Department of Justice, or "department" for all statutory references to the Division (see, e.g. Bus.
3 & Prof. Code, § 19826). For consistency of reference, all references herein will be to the
4 Division, irrespective of whether the agency at the time referred to was statutorily designated as
5 the Bureau or the Division.

6 2. On or about October 12, 2002, Respondent Galaxy Gaming of California, L.L.C.
7 ("Galaxy Gaming of California") submitted an application for a Gaming Resource Supplier
8 License to the Tule River Tribe Gaming Commission. The Tule River Tribe operates the Eagle
9 Mountain Casino pursuant to its 1999 class III gaming compact ("Compact) with the State of
10 California.

11 3. On or about October 12, 2002, Respondent Robert Saucier ("Saucier"), as a principal
12 of Galaxy Gaming of California, submitted an application for a Gaming Resource Supplier
13 License to the Tule River Tribe Gaming Commission.

14 APPLICATION STATUS

15 4. Upon a review of the applications of Respondents Galaxy Gaming of California and
16 Saucier (jointly referred to herein as "Respondents") submitted to the Tule River Tribe Gaming
17 Commission, the Division determined that Respondents were required to file applications for
18 determinations of suitability with the Division and that the Division was required to conduct a
19 further background investigation of Respondents.

20 5. On or about March 10, 2003, Galaxy Gaming of California submitted an Application
21 for a Finding of Suitability as a business to the Division.

22 6. On or about March 10, 2003, Saucier submitted an Application for a Finding of
23 Suitability as a principal of Galaxy Gaming of California to the Division.

24 7. On or about April 6, 2005, the Director of the Division, Robert Lytle ("Director
25 Lytle") notified Saucier by letter addressed to Respondents' attorney that the Division intended to
26 recommend a denial of the Application for a Finding of Suitability for Robert Saucier, d.b.a.
27 Galaxy Gaming of California, L.L.C. The April 6, 2005, correspondence stated that grounds for
28 denial existed pursuant to Business and Professions Code sections 19857, subdivisions (a) and

1 (b), and 19859, subdivisions (b) and (g), and pursuant to Business and Professions Code section
2 19868, subdivision (b)(1), offered the Respondents an opportunity to meet with Director Lytle
3 prior to the filing of the denial recommendation with the California Gambling Control
4 Commission ("Commission"). Such a meeting is commonly referred to as a "pre-denial meeting"
5 in the regulated gaming community. Saucier was also provided with a copy of Director Lytle's
6 summary report of the violations that were generally the bases for the denial of Respondents'
7 applications.

8 8. On or about April 26, 2005, Director Lytle notified Saucier by letter addressed to him
9 at his address as an agent for service of Galaxy Gaming of California, that the Division intended
10 to recommend a denial of the Application for a Finding of Suitability for Robert Saucier, d.b.a.
11 Galaxy Gaming of California, L.L.C. The April 26, 2005, correspondence stated that grounds for
12 denial existed pursuant to Business and Professions Code sections 19857, subdivisions (a) and
13 (b), and 19859, subdivisions (b) and (g) and offered the Respondents an opportunity to meet with
14 Director Lytle prior to the filing of the denial recommendation with the Commission. This April
15 26, 2005, letter additionally directed Saucier to contact the Division by May 5, 2005, to schedule
16 a pre-denial meeting.

17 9. On or about June 24, 2005, Respondents' attorney, Robert Tabor, submitted a letter
18 via e-mail to Director Lytle thanking him for providing the Division's summary report referenced
19 in paragraph 7 above, and generally indicating that Respondents could not respond to the
20 summary report because of the purported vagueness in the Division's summary report and
21 seeking clarification of the bases for denial of Respondents' applications. Respondents' attorney
22 further indicated that after receiving Director Lytle's response to Respondents' request for
23 clarification, Respondents would be prepared to meet.

24 10. On or about July 7, 2005, Director Lytle responded via e-mail to Respondents'
25 attorney's June 24, 2005, letter, generally stating that the Division had complied with the
26 statutory requirements of the Gambling Control Act and that he was prepared to meet with
27 Saucier.

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1 11. On or about July 22, 2005, Respondents' attorney responded to Director Lytle's July
2 7, 2005 e-mail, seeking to schedule a pre-denial meeting for August 8, 2005.

3 12. On or about August 8, 2005, Saucier and his representatives met with Director Lytle,
4 provided Director Lytle with a binder of documents, and requested further investigation of
5 Respondents' qualifications.

6 13. After consideration of the materials provided by Saucier and his representatives, on or
7 about October 28, 2005, Director Lytle mailed Saucier another letter indicating that the Division
8 intended to recommend a denial of the Application for a Finding of Suitability for Robert Saucier,
9 d.b.a. Galaxy Gaming of California, L.L.C. The October 28, 2005, correspondence again stated
10 that grounds for denial exist pursuant to Business and Professions Code sections 19857,
11 subdivisions (a) and (b), and 19859, subdivisions (b) and (g), and offered the Respondents an
12 opportunity to meet with Director Lytle prior to filing the denial recommendation with the
13 Commission. The October 28, 2005, correspondence also informed Respondents that the right to
14 a pre-denial meeting would be waived if the Respondents failed to contact the Division by
15 November 10, 2005, to schedule the meeting.

16 14. Director Lytle did not receive a response to his October 28, 2005, correspondence
17 from the Respondents. However, Director Lytle did receive a copy of a November 4, 2005, letter
18 that Respondents sent to then Chief Deputy Steve Coony with the Attorney General's Office,
19 apprising him of the October 28, 2005, letter and acknowledging receipt of it, but raising an issue
20 as to an alleged discrepancy in the date of mailing of the letter as compared to the date on the
21 letter.

22 15. On or about December 7, 2005, Director Lytle notified Respondents by letter that a
23 report recommending denial of Respondents' applications for a finding of suitability had been
24 submitted to the Commission. The December 7, 2005, correspondence also explained that a pre-
25 denial meeting was not conducted because Respondents failed to contact the Division to schedule
26 the meeting.

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1 intend that the licensing process provided for in this Gaming Compact
2 shall involve joint cooperation between the Tribal Gaming Agency and
the State Gaming Agency, as more particularly described herein.

3 23. At all times relevant, Section 6.4.5 of the Compact states in pertinent part:

4 Gaming Resource Supplier: Any Gaming Resource Supplier who,
5 directly or indirectly, provides, has provided, or is deemed likely to
6 provide at least twenty-five thousand dollars (\$25,000) in Gaming
7 Resources in any 12-month period, or who has received at least twenty-
8 five thousand dollars (\$25,000) in any consecutive 12-month period
9 within the 24 month period immediately preceding application, shall be
10 licensed by the Tribal Gaming Agency prior to the sale, lease, or
11 distribution, or further sale, lease or distribution, of any such Gaming
12 Resources to or in connection with the Tribe's Operation or Facility. . . .
13 The Tribe shall not enter into, or continue to make payments pursuant to,
14 any contract or agreement for the provision of Gaming Resources with
15 any person whose application to the State Gaming Agency for a
16 determination of suitability has been denied or has expired without
17 renewal. . . .]

18 24. At all times relevant, Section 6.4.7 of the Compact states in pertinent part:

19 Processing Tribal Gaming License Applications. Each applicant for a
20 tribal gaming license shall submit the completed application along with
21 the required information and an application fee, if required, to the Tribal
22 Gaming Agency in accordance with the rules and regulations of that
23 agency. . . . For applicants who are business entities, these licensing
24 provisions shall apply to the entity as well as: (i) each of its officers and
25 directors; (ii) each of its principal management employees, including any
26 chief executive officer, chief financial officer, chief operating officer, and
27 general manager; (iii) each of its owners or partners, if an unincorporated
28 business; (iv) each of its shareholders who owns more than 10 percent of
the shares of the corporation, if a corporation; and (v) each person or
entity (other than a financial institution that the Tribal Gaming Agency
has determined does not require a license under the preceding section)
that, alone or in combination with others, has provided financing in
connection with any gaming authorized under this Gaming Compact, if
that person or entity provided more than 10 percent of (a) the start-up
capital, (b) the operating capital over a 12-month period, or (c) a
combination thereof. For purposes of this Section, where there is any
commonality of the characteristics identified in clauses (i) to (v),
inclusive, between any two or more entities, those entities may be deemed
to be a single entity. Nothing herein precludes the Tribe or Tribal
Gaming Agency from requiring more stringent licensing requirements.

25 25. At all times relevant, Section 6.5.6 of the Compact states in pertinent part:

26 State Certification Process. (a) . . .

27 * * *

1 (iv) . . . Except for an applicant for licensing as a non-key Gaming
2 Employee, as defined by agreement between the Tribal Gaming Agency
3 and the State Gaming agency, *the Tribal Gaming Agency shall require*
4 *the applicant also to file an application with the State Gaming Agency,*
5 *for a determination of suitability for licensure under the California Gambling*
6 *Control Act. Investigation and disposition of that application shall be*
7 *governed entirely by state law, and the State Gaming Agency shall*
8 *determine whether the applicant would be found suitable for licensure in*
9 *a gambling establishment subject to that Agency's jurisdiction.*

10 * * *

11 (b) Background Investigation of Applicants. Upon receipt of
12 completed license application information from the Tribal Gaming
13 Agency, the State Gaming Agency may conduct a background
14 investigation pursuant to state law to determine whether the applicant
15 would be suitable to be licensed for association with a gambling
16 establishment subject to the jurisdiction of the State Gaming Agency. . . .

17 (Italics added.)

18 26. Business and Professions Code section 19801, subdivision (i), states, in pertinent part:

19 (i) All gambling operations, all persons having a significant
20 involvement in gambling operations, all establishments where gambling
21 is conducted, and all manufacturers, sellers, and distributors of gambling
22 equipment must be licensed and regulated to protect the public health,
23 safety, and general welfare of the residents of this state as an exercise of
24 the police powers of the state.

25 27. At all times relevant, Business and Professions Code section 19805,
26 subdivision (j), states, in pertinent part:

27 "Finding of suitability" means a finding that a person meets the
28 qualification criteria described in subdivisions (a) and (b) of Section
19857, and that the person would not be disqualified from holding a state
gambling license on any of the grounds specified in Section 19859.

29 28. At all times relevant, Business and Professions Code section 19811 states, in relevant
30 part:

31 (a) There is in state government the California Gambling Control
32 Commission, consisting of five members appointed by the Governor,
33 subject to confirmation by the Senate

34 (b) Jurisdiction, including jurisdiction over operation and
35 concentration, and supervision over gambling establishments in this state

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

29. At all times relevant, Business and Professions Code section 19823 states, in pertinent part:

(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.

30. At all times relevant, Business and Professions Code section 19824, states, in pertinent part:

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

(a) Require any person to apply for a license, permit, registration, or approval as specified in this chapter, or regulations adopted pursuant to this chapter.

(b) For any cause deemed reasonable by the commission, deny any application for a license, permit, or approval provided for in this chapter or regulations adopted pursuant to this chapter, limit, condition, or restrict any license, permit, or approval, or impose any fine upon any person licensed or approved.

(c) Approve or disapprove transactions, events, and processes as provided in this chapter.

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

* * *

1 (h) Issue subpoenas to compel attendance of witnesses and production
2 of documents and other material things at a meeting or hearing of the
commission or its committees, including advisory committees.

3 31. At all times relevant, Business and Professions Code section 19825, states:

4 The commission may require that any matter that the commission is
5 authorized or required to consider in a hearing or meeting of an
6 adjudicative nature regarding the denial, suspension, or revocation of a
license, permit, or a finding of suitability, be heard and determined in
7 accordance with Chapter 5 (commencing with Section 11500) of Part 1 of
Division 3 of Title 2 of the Government Code.

8 32. Business and Professions Code section 19810, states, in pertinent part:

9 Except as otherwise provided in this chapter, any power or authority of
the department described in this chapter may be exercised by the Attorney
10 General or any other person as the Attorney General may delegate.

11 33. Business and Professions Code section 19826, subdivision (a) states:

12 The department shall have all of the following responsibilities:

13 (a) To investigate the qualifications of applicants before any
14 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
15 chapter. The department may recommend the denial or the limitation,
conditioning, or restriction of any license, permit or other approval.

16 34. The gaming resources which Respondents vend to tribal gaming entities are in the
17 nature of patented and trademarked methods or devices to enhance various card games played in
18 tribal casinos.

19 35. Based upon the accounting records for Galaxy Gaming of California, as of June 1,
20 2002, Galaxy Gaming of California is deemed likely to have provided at least twenty-five
21 thousand dollars (\$25,000) in gaming resources to the Blue Lake Casino operated by the Blue
22 Lake Rancheria pursuant to the Compact.

23 36. Based upon the accounting records for Galaxy Gaming of California, as of the June
24 24, 2002, Galaxy Gaming of California is deemed likely to have provided at least twenty-five
25 thousand dollars (\$25,000) in gaming resources in a 12-month period within the meaning of
26 Compact Section 6.4.5, to the Rolling Hills Casino operated by the Paskenta Band of Nomlaki
27 Indians.

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(g) The applicant is less than 21 years of age.

41. At all times relevant, Business and Professions Code section 19864, states:

(a) Application for a state license or other commission action shall be made on forms furnished by the commission.

(b) The application for a gambling license shall include all of the following:

(1) The name of the proposed licensee.

(2) The name and location of the proposed gambling establishment.

(3) The gambling games proposed to be conducted.

(4) The names of all persons directly or indirectly interested in the business and the nature of the interest.

(5) A description of the proposed gambling establishment and operation.

(6) Any other information and details the commission may require in order to discharge its duty properly.

42. Business and Professions Code section 19866, states:

An applicant for licensing or for any approval or consent required by this chapter, shall make full and true disclosure of all 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.

43. Business and Professions Code section 19868, states:

(a) Within a reasonable time after the filing of an application and any supplemental information the department may require, and the deposit of any fee required pursuant to Section 19867, the department shall commence its investigation of the applicant and, for that purpose, may conduct any proceedings it deems necessary. . . .

(b) If denial of the application is recommended, the chief shall prepare and file with the commission his or her written reasons upon which the recommendation is based.

(1) Prior to filing his or her recommendation with the commission, the chief shall meet with the applicant, or the applicant's duly authorized representative, and inform him or her generally of the basis for any proposed recommendation that the application be denied, restricted, or conditioned.

1 (2) Not less than 10 business days prior to the meeting of the
2 commission at which the application is to be considered, the department
3 shall deliver to the applicant a summary of the chief's final report and
4 recommendation.

5 (3) This section neither requires the department to divulge to the
6 applicant any confidential information received from any law
7 enforcement agency or any information received from any person with
8 assurances that the information would be maintained confidential, and nor
9 to divulge any information that might reveal the identity of any informer
10 or jeopardize the safety of any person.

11 (c) A recommendation of denial of an application shall be without
12 prejudice to a new and different application filed in accordance with
13 applicable regulations.

14 **FIRST CAUSE FOR DENIAL OF APPLICATION**

15 **(Business and Professions Code section 19859, subdivision (b))**

16 44. Respondents' applications are subject to denial under Business and Professions Code
17 section 19859, subdivision (b), in that Respondents failed to disclose, or provided untrue or
18 misleading facts pertaining to, the criteria for a determination of suitability and failed to provide
19 information, documentation and assurances required by the Gambling Control Act and/or the
20 Division. The circumstances are as follows:

21 A. Saucier failed to provide a valid residential address as required in his Application for
22 Finding of Suitability as a principal owner of Galaxy Gaming of California dated March 10, 2003,
23 and received by the Commission on March 13, 2003 ("Principal Application").

24 B. Saucier failed to disclose a misdemeanor conviction for reckless driving as required
25 in the Principal Application. Respondents also failed to disclose Saucier's misdemeanor
26 conviction as required in the Business Application for Finding of Suitability dated March 10,
27 2003, and received by the Commission on March 13, 2003 ("Business Application").

28 C. Saucier failed to disclose all of his personal financial liabilities as required on the
Principal Application and the Business Application. These undisclosed liabilities include:

1) Court-ordered child support; and

2) A civil judgment of approximately \$1.5 million outstanding against Saucier.

D. Respondents failed to disclose Saucier's involvement in multiple civil actions as
required on the Principal Application and the Business Application as follows:

- 1 1) Superior Court, Spokane, Washington; plaintiff: City of Spokane; defendant:
2 Robert B. Saucier, President of Spokane Mars Limited Partnership. Reference # 97206770-1,
3 dated November 9, 1997, in the amount of \$54,005.95; non-payment of taxes - default judgment.
- 4 2) Superior Court, Spokane, Washington; plaintiff: Food Services of America;
5 defendant: Robert B. Saucier, CEO of Mars Hotel. Reference # 97-2-07208-0, dated November
6 24, 1997, in the amount of \$32,673.08; non-payment of account.
- 7 3) Superior Court, Spokane, Washington; plaintiff: Robert B. Saucier; defendant:
8 Mars Hotel Corporation. Reference # 98-204026-7, dated June 30, 1998, in the amount of
9 \$1,711,939; debt incurred.
- 10 4) Superior Court, Spokane, Washington; plaintiff: Cedar Property Management;
11 defendant: Robert B. Saucier, et al.. Reference # 98-2-024342, dated April 28, 1998, in the
12 amount of \$2,640; eviction.
- 13 5) Superior Court, Spokane, Washington; plaintiff: Sherron Associates Loan
14 Funds; defendant: Robert B. Saucier. Reference # 98-203142-0, dated May 14, 1998, amount not
15 limited; non-payment of account.
- 16 6) Superior Court, Spokane, Washington; plaintiff: Department of Labor and
17 Industries; defendant: Spokane Mars Ltd. Partnership/Robert B. Saucier. Reference # 012076-89-
18 4, dated March 20, 2001, in the amount of \$12,490.91; non-payment of taxes.
- 19 7) Superior Court, Spokane, Washington; plaintiff: Washington State Department
20 of Labor and Industries; defendant: Mars Hotel Corporation/Robert B. Saucier. Reference #
21 01201690-8, dated March 26, 2001, in the amount of \$12,483.61; non-payment of taxes.
- 22 8) Superior Court, Spokane, Washington; plaintiff: Mars Hotel; defendant:
23 Robert Saucier. Reference # 98-2040207, dated March 19, 1998, amount not listed: debt non-
24 payment.
- 25 9) Superior Court, Spokane, Washington; plaintiff: Department of Labor and
26 Industries; defendant: Mars Hotel - Robert Saucier. Reference # 01-201691-6, dated March 26,
27 2001, in the amount of \$5,930.48; non-payment of taxes.
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1 10) Superior Court, Spokane, Washington; plaintiff: Department of Labor and
2 Industries; defendant: Robert B. Saucier. Reference # 01-201693-2, dated April 17, 2001, in the
3 amount of \$10,198.92; non-payment of taxes.

4 11) Superior Court, Spokane, Washington; plaintiff: Robert B. Saucier d.b.a.;
5 defendant: Douglas Miller W. Etui. Reference # 87-2-01332-9, dated April 29, 1987, amount not
6 listed; civil - collection.

7 12) Superior Court, Spokane, Washington; plaintiffs: Robert B. and Julie Saucier
8 H/W Etui; defendant: Anthony Richard Barnard. Reference # 96-2-00728-0, dated January 31,
9 1996, amount not listed; civil - foreclosure.

10 13) Superior Court, Spokane, Washington; plaintiff: Frances R. Walker OB.;
11 defendant: Two Thousand & Eight West Sunset Blvd et al.; Robert B. Saucier Etui (additional
12 party: Rose T. Bauer Greenwell trust, on behalf of), Reference # 95-2-04579-5, dated August 7,
13 1995, amount not listed; civil - foreclosure.

14 14) Superior Court, Spokane, Washington; plaintiff: Anders, Billy R.; defendants:
15 Robert B. Saucier, Mars Hotel Corporation and Spokane Mars Limited Partnership et al.
16 Reference # 97-2-06194-1, dated October 10, 1997, amount not listed; civil - collection.

17 15) Superior Court, Spokane, Washington; plaintiff: Department of Revenue;
18 defendants: Spokane Marts Ltd. et al. Reference # 97-2-06377-3, dated October 17, 1997,
19 amount not listed; civil - tax warrants.

20 16) Superior Court, Spokane, Washington; plaintiff: Employment Security
21 Department; defendants: Robert B. Saucier, Mars Hotel Corporation and Spokane Mars Limited
22 Partnership et al., Reference # 97-2-05895-8; dated September 30, 1997, amount not listed; civil -
23 tax warrants.

24 17) District Court, Spokane, Washington; plaintiff: Commercial Collection;
25 defendants: Robert B. Saucier. Reference #95051199, dated September 26, 1995, amount not
26 listed; non-payment of account.

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1 18) District Court, Spokane, Washington; plaintiff: City of Spokane; defendant:
2 Robert B. Saucier d.b.a. Mars Hotel. Reference # 97-069486, dated April 29, 1997, amount not
3 listed; non-payment of taxes.

4 19) District Court, Spokane, Washington; plaintiff: Robert B. Saucier; defendant:
5 Mt. Vernon. Reference # 98079819, dated September 3, 1998, in the amount of \$2552.75; non-
6 payment of account.

7 20) District Court, Spokane, Washington; plaintiff: Santayn Corporation;
8 defendant: Robert B. Saucier. Reference # 95044479, dated January 6, 1995, in the amount of
9 \$6,212.22; non-payment of account.

10 21) District Court, Spokane, Washington; plaintiff: City of Spokane; defendant:
11 Robert B. Saucier d.b.a. Mars Hotel. Reference # 97-068925, dated August 6, 1997, in the amount
12 of \$26,055.23; non-payment of taxes.

13 E. Respondents failed to disclose the following associated gaming businesses as required
14 in the Principal Application and the Business Application:

- 15 1) Spokane Mars Limited Partnership
- 16 2) Zephyr Cove Capitol LLC
- 17 3) Galaxy Gaming of Washington, LLC
- 18 4) Galaxy Gaming of British Columbia, LLC
- 19 5) Galaxy Gaming of Michigan, LLC
- 20 6) Galaxy Gaming of Missouri, LLC
- 21 7) Galaxy Gaming of Mississippi, LLC
- 22 8) Galaxy Gaming of Oregon, LLC
- 23 9) Galaxy Gaming of North Dakota, LLC
- 24 10) Galaxy Gaming of New Jersey, LLC
- 25 11) Galaxy Gaming of New Mexico, LLC
- 26 13) Galaxy Gaming of New York, LLC
- 27 14) Galaxy Gaming of South Dakota, LLC
- 28 15) Durango Associates, LLC

- 1 16) Outsource Management
- 2 17) Intergalactic Enterprises LLC
- 3 18) Silver Bush, LLC
- 4 19) Blue Dolphin
- 5 20) Canyon Road Designs, LLC
- 6 21) JNR Enterprises, LLC
- 7 22) Madison Atlantic, LLC
- 8 23) Sign Xpress, Inc.
- 9 24) Primetime Player Management, LLC
- 10 25) Sierra Mead, Inc.
- 11 26) Rockland Ridge Corp.

12 F. Saucier provided false or misleading information to Division staff regarding the
13 ownership structure and control of Outsource Management, LLC.

14 G. Saucier failed to disclose his employment as the General Manager of the Spokane
15 Mars Limited Partnership from July 1997 through October 1998 as required on the Principal and
16 Business Applications.

17 H. Respondents failed to disclose a denial of applications for finding of suitability by the
18 Tule Lake Tribal Gaming Agency, as required on the Business Application.

19 I. As required on the Business Application, Respondents failed to disclose a pending
20 application for findings of suitability filed with the Colusa Tribal Gaming Agency.

21 J. As required on the Business Application, Respondents failed to disclose gaming
22 licenses held with the Berry Creek Rancheria Tribal Gaming Agency, the Blue Lake Tribal
23 Gaming Agency, the Paskenta Tribal Gaming Agency, and the Viejas Tribal Gaming Agency.

24 K. As required on the Principal Application, Saucier failed to disclose appearances
25 and/or licensing applications with other state gambling agencies and out-of-state tribal gaming
26 agencies in Washington (Washington State Gambling Commission and the Nisqually Tribal
27 Gambling Commission), Iowa (the Sac & Fox Tribe of Mississippi), New Mexico (Taos Pueblo
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1 Gaming Commission and San Juan Pueblo Gaming Commission), and Oregon (Grand Ronde
2 Tribal Gaming Commission).

3 L. Saucier provided false and misleading information as required on the Principal
4 Application regarding his graduation from college stating that he graduated from the University
5 of Nevada Reno, when he did not.

6 **SECOND CAUSE FOR DENIAL OF APPLICATION**

7 **(Business and Professions Code section 19859, subdivision (g))**

8 45. Respondents' Principal Application and Business Application are subject to denial
9 under Business and Professions Code section 19859, subdivision (g), in that at the time of the
10 application, a member having a 95% ownership interest in Galaxy Gaming, L.L.C. was under 21
11 years old. The circumstances are as follows:

12 A. Galaxy Gaming, LLC is and, at all times relevant was, the manager of Galaxy
13 Gaming, with its place of business in Las Vegas, Nevada.

14 B. As of the date of both the Principal and Business Applications (March 10, 2003),
15 Saucier's daughter, who was born on December 30, 1993, was a member of Galaxy Gaming,
16 LLC, holding a 95% interest in it.

17 **THIRD CAUSE FOR DENIAL OF APPLICATION**

18 **(Business and Professions Code section 19857, subdivision (b))**

19 46. The Business Application and Principal Application are subject to denial under
20 Business and Professions Code section 19857, subdivisions (b), because Saucier's prior activities
21 create or enhance the dangers of unsuitable, unfair or illegal practices, methods, and activities in
22 the conduct of controlled gambling and in the carrying on of the business and financial
23 arrangements incidental to controlled gambling. The circumstances are as follows:

24 A. From 1993 to 1998, Saucier was integrally involved in the management of the Mars
25 Hotel and Casino, a gambling operation in the State of Washington. In 1993, Saucier and Billy
26 Anders started the Mars Hotel Corporation with Saucier as an individual holding approximately
27 an 85% ownership interest in the corporation. At around that same time, the Spokane Mars
28 Limited Partnership (SMLP) was formed. The Mars Hotel Corporation was the general partner of

1 the SMLP and held approximately an 83.6% ownership stake in it. The purpose of the SMLP was
2 to open and operate a combination restaurant, hotel, and gambling establishment – the Mars Hotel
3 and Casino in Spokane, Washington. While there were multiple entities involved in the operation
4 of the Mars Hotel and Casino, because of Saucier’s majority ownership interest in the Mars Hotel
5 Corporation and its majority ownership interest in the SMLP, at all times relevant herein, Saucier
6 had the power and authority to direct operations of the SMLP and the Mars Hotel and Casino. On
7 or about May of 1994, the Mars Hotel and Casino opened for business. Billy Anders was the
8 ostensible general manager of the SMLP. In July of 1997, Saucier terminated Billy Anders from
9 both the Mars Hotel Corporation and the SMLP and took over direct control of the operations of
10 the Mars Hotel and Casino. In November 1997, the SMLP filed for bankruptcy reorganization
11 under Chapter 11 of the Bankruptcy Code. On November 23, 1998, the case was converted to a
12 Chapter 7 bankruptcy by motion of the U.S. Trustee, because of the SMLP’s failure to meet its
13 obligations under the Chapter 11 bankruptcy plan. Just after midnight on November 24, 1998,
14 Saucier was observed loading items from the Mars Hotel and Casino into the back of a truck, and
15 he subsequently left in that truck with a number of items of value. On January 11, 1999, Saucier
16 was designated by the Bankruptcy Court as the individual to appear and perform duties on behalf
17 of the SMLP as the debtor under the Bankruptcy rules. During its operation, the Mars Hotel and
18 Casino engaged in the following unsuitable, unfair or illegal practices:

19 (1) Violation of Washington State gambling laws and regulations.

20 The SMLP did not pay state and local gambling taxes on its operation. On or about
21 March 1997, the SMLP was granted permission by the Washington State Gambling Commission
22 to participate in a pilot program, the Card Room Enhancement Program (“CREP”), under which
23 the Mars Hotel and Casino could offer house-banked forms of gambling. The SMLP, at Saucier’s
24 direction, did not implement minimum internal controls for its gambling operation as required for
25 its participation in the CREP, did not timely allow law enforcement employees to enter its
26 surveillance room, and under-reported its gaming revenues to the Washington State Gambling
27 Commission. On or about October 28, 1998, the SMLP was given notice that it could no longer
28 participate in the CREP because of deficiencies in the SMLP casino operations.

1 (2) Poor or dishonest accounting practices.

2 Saucier refused to provide documentation to the controller of the SMLP supporting an
3 ostensible loan made by Saucier to the SMLP, which was being repaid to Saucier on a monthly
4 basis. Saucier refused to provide his social security number to the controller for purposes of the
5 issuance of Internal Revenue Service ("IRS") form 1099 for monies received from the SMLP.
6 Saucier removed money from the drop boxes at the gaming tables at the Mars Hotel and Casino,
7 and would leave "IOUs" in the drop boxes, causing the dealers to be unable to balance their cash
8 receipts. Saucier was inconsistent in repaying the IOUs to the SMLP.

9 (3) The SMLP committed four violations of Washington State liquor law.

10 (4) The SMLP failed to pay gambling taxes to the City of Spokane.

11 (5) The SMLP failed to pay Washington State gambling taxes.

12 (6) The SMLP failed to pay Federal Insurance Contributions Act (FICA) taxes on
13 behalf of employees of the SMLP.

14 (7) In interviews with Division personnel conducting Respondents' suitability
15 investigation, Saucier traced his reluctance to have, or provide to the Division, a specific
16 residential address for himself, to his fear that he might be forced to pay an approximate \$1.5-
17 million personal debt incurred by him to Sherron & Associates in trying to keep the Mars Hotel
18 and Casino solvent. That debt continues to this day and has not been paid or otherwise resolved
19 by Saucier.

20 B. Saucier's Nevada drivers license was suspended in 2002, but Saucier still used the
21 drivers license number from that suspended drivers license for a number of applications for
22 suitability with tribal gaming agencies.

23 C. From 2001 through January of 2004, during which time Saucier was in control of
24 Galaxy Gaming of California both directly and through Galaxy Gaming LLC, which managed
25 Galaxy Gaming of California, Galaxy Gaming LLC did not have a business license as required by
26 the City of Las Vegas.

27 D. While the Division's investigation of Respondents was pending in California,
28 Saucier, Galaxy Gaming LLC, and Galaxy Gaming of Oregon LLC had a pending application for

1 suitability as a tribal vendor in the State of Oregon ("Oregon Galaxy application"). The Oregon
2 Galaxy application was reviewed and investigated by the Oregon State Police Tribal Gaming
3 Section. On or about May 10, 2004, Scott J. Eberz ("Eberz") was assigned as the Oregon State
4 police detective to investigate the Oregon Galaxy application.

5 (1) On or about September 9, 2005, without the authorization of the Oregon State
6 Police, Eberz met with Saucier and Saucier's attorney, Robert Tabor in a restaurant in Salem,
7 Oregon. In the course of that meeting, Saucier and his attorney elicited, or attempted to elicit
8 from Eberz, confidential information regarding the investigation of the Oregon Galaxy
9 application and the investigations of the applications of other tribal vendors in the State of Oregon
10 that were unrelated to the Oregon Galaxy application.

11 (2) During that same September 9, 2005, meeting, Saucier, Robert Tabor, and
12 Eberz made arrangements for Eberz to send additional confidential information held by the
13 Oregon State Police Tribal Gaming Section to Robert Tabor as the attorney for Saucier. Based
14 upon these arrangements, on or about September 14, 2005, without authorization from the Oregon
15 State Police, Eberz sent to Robert Tabor confidential documents, including an Oregon State
16 Police Tribal Gaming procedure manual for tribal vendor investigations for the Oregon State
17 Police and investigatory reports regarding the suitability of other tribal vendors unrelated to
18 Oregon Galaxy application. Tabor's law firm paid the costs of delivery of these confidential
19 materials received from Eberz.

20 (3) In the course of his investigation of the Oregon Galaxy application, Eberz
21 obtained numerous copies of investigatory documents from the Division and had confidential
22 communications with the Division's investigators regarding the suitability investigation of
23 Respondents Saucier and Galaxy Gaming of California. During their meeting on September 9,
24 2005, Saucier and Robert Tabor elicited confidential information from Eberz regarding the
25 investigation of Galaxy Gaming of California by the Division's investigators.

26 (4) On or about June 2, 2008, in Marion County, Oregon, Eberz was criminally
27 indicted for offenses based upon alleged official misconduct in his unauthorized release of the
28 confidential information and documents to Saucier and Robert Tabor as set forth above.

1 (5) The confidential information regarding the Division's suitability investigation
2 of Galaxy Gaming of California that was elicited by Saucier and Robert Tabor from Eberz was
3 elicited without the Division's knowledge or consent.

4 **FOURTH CAUSE FOR DENIAL OF APPLICATION**

5 **(Business and Professions Code section 19857, subdivision (a))**

6 47. Respondents' application is subject to denial under Business and Professions Code
7 section 19857, subdivision (a), in that Saucier is not a person of good character, honesty, and
8 integrity as follows:

9 A. Saucier knowingly attempted to obtain confidential information about the Division's
10 investigation of his suitability from Eberz for purposes of subverting the credibility of the
11 Division's investigators and report, and/or to gain an unfair advantage in defending against any
12 negative finding that the Division might make regarding Respondents. Eberz was indicted in the
13 State of Oregon for his actions in relation to Saucier.

14 B. Saucier has not paid and has taken ongoing steps to avoid payment of an
15 approximately \$1.5-million debt that he owes to Sherron & Associates arising from Saucier's
16 operation of the Mars Hotel and Casino.

17 C. Billy Anders, Saucier's main partner in the Mars Hotel and Casino, had a very
18 negative opinion of Saucier's conduct in operating the Mars Hotel and Casino. He stated to the
19 effect that Saucier would refuse to pay debts, is not an effective manager, and is the "consummate
20 con."

21 D. Melissa Gilroy, a former CPA who worked as the controller for the Mars Hotel and
22 Casino, had a very negative opinion of Saucier's conduct in operating the Mars Hotel and Casino.
23 She stated that Saucier attempted to stop her from issuing him an IRS form 1099 for monies paid
24 to him by the SMLP, and that Saucier would take money from the Mars Casino's drop boxes at
25 the gaming tables and at times not return it.

26 E. Michael Piccolo, Assistant City Attorney for the City of Spokane during the period
27 that the Mars Hotel and Casino was operated by Saucier, held the opinion that Saucier is not
28

1 suitable to work in the gaming industry because Saucier does not comply with applicable rules
2 and regulations.

3 **PRAYER**

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

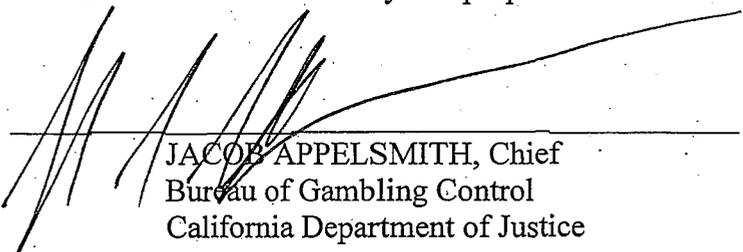
6 1. Denying the application of Respondent Robert Saucier for a finding of suitability
7 pursuant to Business and Professions Code sections 19857, subdivisions (a) and (b), and 19859,
8 subdivisions (b) and (g).

9 2. Denying the application of Respondent Galaxy Gaming of California for a finding of
10 suitability of pursuant to Business and Professions Code sections 19857, subdivisions (a) and (b),
11 and 19859, subdivisions (b) and (g).

12 3. Awarding Complainant, pursuant to Business and Professions Code section 19930,
13 subdivisions (d) and (f), the reasonable costs of investigation and the costs of preparation and
14 prosecution of the case before the Commission, in a sum according to proof; and,

15 4. Taking such and further action as is deemed necessary and proper.

16
17 Dated: September 24, 2009

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19 _____
20 JACOB APPELSMITH, Chief
21 Bureau of Gambling Control
22 California Department of Justice

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