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BEFORE THE
CALIFORNIA GAMBLING CONTROL COMMISSION
STATE OF CALIFORNIA

**In the Matter of the First Amended
Accusation Against:**

**PRCCC, INC., license number GEOW-
003362, d.b.a PASO ROBLES CENTRAL
COAST CASINO, license number GEGE-
001329**

Sole Shareholder of PRCCC, Inc.:
**DONALD G. EZZELL, license number
GEOW-03361**

**1124 Black Oak Drive
Paso Robles, California 93446**

Respondent.

OAH No. 2018080180
BGC Case No. HQ2017-0003AL

**SECOND AMENDED ACCUSATION
AND STATEMENT OF ISSUES**

Hearing Date: July 15-18, 2019

**Place: Office of Administrative Hearings
2349 Gateway Oaks Drive, Suite 200
Sacramento, CA 95833**

1 Complainant alleges as follows:

2 **PARTIES**

3 1. Stephanie K. Shimazu (Complainant) brings this Second Amended Accusation and
4 Statement of Issues solely in her official capacity as Director of the California Department of
5 Justice, Bureau of Gambling Control (Bureau).

6 2. On May 12, 2016, the California Gambling Control Commission (Commission)
7 issued an owner's gambling license, license number GEOW-003361, to Donald G. Ezzell
8 (Respondent). Respondent is the sole shareholder in PRCCC, Inc. (Corporation), license number
9 GEOW-003362, which owns and operates the Paso Robles Central Coast Casino (Casino), license
10 number GEGE-001329. Respondent's owner's gambling license, the license issued to the
11 corporation, and the Casino's gambling establishment license were set to expire on May 31, 2018,
12 and Respondent, the Corporation, and the Casino submitted renewal applications. The
13 Commission issued interim renewal licenses with conditions while this matter is pending. (Cal.
14 Code Regs., tit. 4, § 12035.) Complainant filed the initial accusation in this matter with the
15 Commission on May 17, 2018. At its meeting on May 24, 2018, the Commission referred both
16 the accusation and the pending renewal applications to an administrative hearing.¹ (Bus. & Prof
17 Code, § 19930, subd. (b); see Cal. Code Regs., tit. 4, § 12554, subd. (a).)

18 **JURISDICTION AND COST RECOVERY**

19 3. Pursuant to the Gambling Control Act (Act), the Commission has jurisdiction over
20 the operation and concentration of gambling establishments and all persons and things having to
21 do with the operation of gambling establishments, which includes the licensure of gambling
22 enterprise owners. (Bus. & Prof. Code, §§ 19811, subd. (b), 19850 & 19852.)² The Commission
23 has all powers necessary and proper to carry out the Act's policies and purposes, including the

24 ¹ Respondent while licensed, is not issued a separate license certificate. Rather, he is
25 endorsed on the Casino's gambling establishment license. (Bus. & Prof. Code,
26 § 19851, subd. (b).) If Respondent's license is revoked or his renewal application is denied, the
27 Corporation and the Casino will ineligible for licensing (Bus. & Prof. Code, § 19852, subd. (a)),
28 and Respondent will be required to sell his ownership interest in the Corporation (Bus. & Prof.
Code, § 19882, subd. (a)).

² The statutes and regulations applicable to this Accusation are quoted in pertinent part in
Appendix A.

1 powers to discipline licensees and to take actions to ensure that no ineligible, unqualified,
2 disqualified, or unsuitable persons are associated with controlled gambling activities. (Bus. &
3 Prof. Code, §§ 19823, subd. (a)(1) & 19824, subds. (b) & (d).)

4 4. The Act tasks the Bureau with, among other responsibilities, investigating suspected
5 violations of the Act and initiating disciplinary actions. (Bus. & Prof. Code, §§ 19826, subds. (c)
6 & (e) & 19930, subd. (b).) Upon the Bureau filing an accusation, the Commission proceeds
7 under Government Code section 11500 et seq. (Bus. & Prof Code, § 19930, subd. (b); see Cal.
8 Code Regs., tit. 4, § 12554, subd. (a).) The Commission's disciplinary powers include, among
9 other things, license revocation and imposition of a fine or monetary penalty. (Cal. Code Regs.,
10 tit. 4, § 12554, subd. (d).)

11 5. In a matter heard by an administrative law judge involving license
12 revocation, suspension, or denial, the Bureau may recover its costs of investigation and
13 prosecuting the proceeding. (Bus. & Prof. Code, § 19930, subd. (d).) In an accusation brought
14 under the Act, the standard of proof is the preponderance of the evidence. (Cal. Code Regs., tit. 4,
15 § 12554, subd. (c).) An applicant, such as Respondent, has the burden of proving his suitability
16 for licensure. (Bus. & Prof. Code, § 19856, subd. (a).)

17 **FIRST CAUSE FOR REVOCATION AND DENIAL**

18 **(Failure to Maintain Adequate Financing)**

19 6. Respondent's gambling license is subject to revocation, and his renewal application
20 subject to denial, in that on November 14, 2017, the Casino lacked sufficient funds in a required
21 properly designated and segregated account to cover its chips-in-use liability.³ The Casino's
22 chips-in-use liability was no less than \$8,303, which was the value of the chips held on that date
23 by Suns Gaming, the Casino's then-third-party provider of proposition player services. The
24

25 ³ Chips-in-use liability is a term drawn from California Code of Regulations, title 11,
26 section 2053, subdivision (b). Under this regulation, when a gambling establishment issues chips
27 to players, the gambling establishment must maintain a separate, unencumbered account with a
28 balance of at least the worth in dollars of the outstanding unredeemed chips outside of the
gambling establishment's control.

1 balance in the Casino's designated chips-in-use account on November 14, 2017, was \$3,656.93.
2 The Casino's chips-in-use account was underfunded by \$4,646.07.

3 7. The Casino's required properly designated and segregated patron funds account was
4 likewise underfunded. That account balance on November 14, 2017, was \$501.66, while the total
5 player's bank balance⁴ was \$53,781. This shortfall amounted to \$53,279.34.

6 8. On March 19, 2018, the Casino was again found to be out of compliance regarding its
7 patron funds/player's bank account. On that date, the Casino's patron funds account contained
8 \$501.66. While the total player's bank balance was \$100,464. This shortfall amounted to
9 \$99,962.94.

10 9. The Casino *did* have sufficient cash to cover the patron funds account on March 19,
11 2018 in a bank bag locked in a safe that was only accessible to the Casino. However, the Bureau
12 never authorized the Casino to use an alternate method or other form of security to the "separate,
13 specifically designated, insured account" required by California Code of Regulations, title 11,
14 section 2053. The Casino's control of this cash enabled it to comingle patron funds with casino
15 funds. Indeed, the Casino apparently did exactly that when, on March 9, 2018, Bureau staff
16 observed an "IOU note" which had been written and placed with the patron fund cash. This IOU
17 note was apparently in lieu of \$4,000 that had been taken out of the patron funds and placed in the
18 Casino's ATM machine—i.e. using patron money for Casino operations.

19 10. The Casino's chips-in-use liability and patron funds accounts constitute funds held by
20 the Casino in trust, or constructive trust, for the benefit of its customers, including Casino patrons
21 and its contracted third-party provider of proposition player services. They are neither
22 Respondent's nor the Casino's monies. They are required to be held exclusively for the benefit of
23 the Casino's customers and not to be commingled with the funds of the Casino or Respondent.

24 _____
25 ⁴ "Patron funds account" and "players bank account" are used interchangeably. They
26 describe accounts required to be maintained by gambling establishments by California Code of
27 Regulations, title 11, section 2053, subdivision (c). These accounts allow players to keep funds
28 on deposit with the gambling establishment to buy chips from or to transfer money to after
redeeming chips. This arrangement enables players to avoid carrying substantial amounts of
physical cash. The accounts must cover any funds on deposit by players, whether they are
random individuals or the gambling establishment's contracted third-party provider of proposition
player services.

1 (Bus. & Prof. Code, §§ 19801, subds. (h), (i), & (k), 19823, 19852, subd. (a), 19856, 19857,
2 subds. (a) & (b), 19859, subd. (a), 19920, 19922, & 19971; Cal. Code. Regs., tit. 4, § 12568,
3 subd. (c)(3) & (4); tit. 11, § 2053.)

4 **SECOND CAUSE FOR REVOCATION AND DENIAL**

5 **(Comingling of Third-Party/Patron Funds with Casino Funds)**

6 11. Respondent's gambling license is subject to revocation, and his renewal application
7 subject to denial, in that on March 8, 2018, Bureau staff visited the Casino as part of a routine
8 audit. Bureau staff discovered that the Casino's provider of third-party proposition player
9 services stored its money for purchasing gambling chips in a safe in the back office of the Casino.
10 This safe was accessible not only to the third-party proposition player service, but also to the
11 Casino. Bureau staff learned that the Casino used money belonging to the third-party proposition
12 player service when needed to resupply its cage and other business. Bureau staff observed a
13 written IOU note from the Casino to the third-party proposition player service added to the third-
14 party proposition player services' cash bag. The IOU note was for \$4,000 in cash that was taken
15 from the third-party proposition player services' money by Casino staff and placed into the
16 Casino's ATM machine.

17 12. The Casino's practice noted in the paragraph above violated of California Code of
18 Regulation, title 4, section 12387, subdivision (c), governing the management of "floor banks" for
19 the use of third-party proposition player service funds. That section limits access solely to the
20 third-party proposition player service and is designed to prevent comingling of funds between the
21 third-party proposition player service and its contracted gambling establishment.

22 (Bus. & Prof. Code, §§ 19920, 19922, 19924, 19944, 19852, subd. (a), 19857, subds. (a) & (b),
23 19859, subd. (a); Cal. Code. Regs., tit. 4, §§ 12380, subds. (a) & (c), 12387, subd. (c).)

24 **THIRD CAUSE FOR REVOCATION AND FOR DENIAL**

25 **(Interference with Performance of Duties, Failure To Maintain Security Controls, and**
26 **Violation of Minimum Internal Control Standards)**

27 13. Respondent's gambling license is subject to revocation, and his renewal application
28 subject to denial, in that on April 16, 2018, Bureau staff conducted an unannounced compliance

1 site visit at the Casino. During this visit, staff met with the Casino's then-Interim Key Employee
2 Robert Ezzell and requested surveillance video of the cage and the gaming area for the week of
3 April 9, 2018. Due to technical difficulties, the requested video footage was not available to be
4 copied at that time. The requested dates and times for the video recording were noted in writing
5 by Bureau staff and provided to Robert Ezzell. On April 24, 2018, Bureau staff again requested
6 the video footage verbally and by email. On April 25, 2018, Bureau staff visited the Casino to
7 obtain the requested surveillance video. Because of the amount of video requested and the
8 slowness of the equipment, an IT technician hired by the Casino told Bureau staff it would take a
9 few days to download. On April 30, 2018, Bureau staff contacted Respondent for an update
10 regarding the requested video. Respondent informed Bureau staff that the requested video
11 footage was sent to Bureau on Friday April 27, 2018.

12 14. Bureau staff received the requested surveillance video on May 1, 2018. After a
13 review of the video, Bureau staff found that it did not comply with the Bureau's request. The
14 video was missing various requested dates and times. In addition, the video skipped forward in
15 time and had hours missing for some of the dates and times that were provided.

16 15. In response, on May 22, 2018, the Bureau transmitted a Letter of Warning to the
17 Casino, care of Respondent. The Letter of Warning detailed the Casino's noncompliance set
18 forth in paragraphs 13 through 14, above. In response, Respondent, on behalf of the Casino, sent
19 a letter to the Bureau accusing—without evidence—Bureau staff of breaking the Casino's
20 computer systems when, in fact, Bureau staff never touched the Casino's computer systems and
21 then-Interim Key Employee Robert Ezzell generally pulled random cords and fiddled with the
22 surveillance system in the surveillance room while Bureau staff looked on. To date, the Casino
23 has not produced the requested surveillance video.

24 16. Bureau staff routinely requests and views surveillance video at gambling
25 establishments around the state. California Code of Regulation, title 4, section 12396 requires all
26 gambling establishments in California to meet minimum video surveillance recording standards.
27 These standards exist to protect the integrity of gaming and public health and safety.
28

1 (Bus. & Prof. Code, §§ 19920, 19922, 19924, 19944, 19852, subd. (a), 19857, subds. (a) & (b),
2 19859, subd. (a); Cal. Code. Regs., tit. 4, §§ 12380, subds. (a) & (c), 12396, subd. (a).)

3 **FOURTH CAUSE FOR REVOCATION AND DENIAL**

4 **(Failure/Refusal To Comply with the Gambling Control Act)**

5 17. Respondent's gambling license is subject to revocation, and his renewal application
6 subject to denial, in that Respondent has demonstrated a pattern and practice of an inability or
7 unwillingness to operate the Casino in compliance with the Gambling Control Act and the
8 regulations promulgated thereunder. In the last six years, Respondent has been issued at least six
9 Letters of Warning by the Bureau detailing multiple violations in the operation of the Casino,
10 some of which Respondent took months to correct. Such management and operation of the
11 Casino makes Respondent unqualified for licensure.

12 18. In 2013, the Bureau issued three Letters of Warning related to the Casino's
13 relationship with its then third-party player proposition service, PT Gaming, LLC. The first
14 letter, dated May 6, 2013, was for violations of California Code of Regulations, title 4, section
15 12200.7, alleging Respondent maintained an undisclosed commercial account and was
16 withholding funds from the Casino's players bank. On May 10, 2013, Respondent provided a
17 Corrective Action Plan stating that the Casino would no longer conduct business with PT
18 Gaming, LLC.⁵ The Bureau responded on July 3, 2013, with a Letter of Acknowledgment⁶ and a
19 second Letter of Warning indicating that the Casino had not adequately addressed the outstanding
20 player's bank funds. The same day, the Bureau sent Respondent a third Letter of Warning
21 alleging that the process by which the Casino withheld funds from PT Gaming, LLC violated
22 California Code of Regulations, title 11, section 2053, subdivision (c) (adequate financing).

23 ⁵ The Bureau also issued a Letter of Warning on June 28, 2013 alleging that the Casino's
24 proffered financial data failed to meet reporting requirements in violation of California Code of
Regulations, title 3, section 12403.

25 ⁶ A Letter of Acknowledgment is a term of art used by the Bureau. It simply is a letter
26 that acknowledges a licensee's response to a Bureau Letter of Warning in which the Bureau states
27 its belief that a violation of law has occurred. A Letter of Acknowledgment does not necessarily
28 indicate that a matter has been concluded, and often advises its recipient that disciplinary action
may still result from the underlying conduct.

1 Respondent replied with a Corrective Action Plan on July 15, 2013 requesting a 30-day
2 extension, which the Bureau granted through August 23, 2013. On or about August 15, 2013, the
3 Bureau received a second Corrective Action Plan from Respondent, indicating that the Casino
4 had resolved the player's bank account dispute by issuing a check for \$31,088. The Bureau
5 issued a Letter of Acknowledgment.⁷

6 19. Again, on or about November 6, 2015, the Bureau notified the Casino that it was
7 found out of compliance with the adequate financing regulation during an audit on June 19, 2015
8 because it did not maintain a separate, specifically designated, insured account with a licensed
9 financial institution in an amount not less than the total amount of money that the casino's patrons
10 have on deposit. On or about March 24, 2016, the Bureau *again* found during an inspection that
11 the Casino did not have the required player's bank fund. On or about April 14, 2016, the Bureau
12 issued yet another Letter of Warning to Respondent regarding the adequate financing issue,
13 noting that if the Casino did not come into compliance, the Bureau may take disciplinary action.

14 20. Respondent's Gambling License was renewed by the Commission on May 12, 2016,
15 subject to the following condition:

16 Within 60 days of Commission approval, the Owner-Licensee must
17 provide documentation to the Bureau of Gambling Control proving that
18 the Gambling Establishment is in compliance with California Code of
19 Regulations, Title 11, section 2053, subdivision (c).

19 Respondent complied with the condition.

20 21. On November 14, 2017 and on March 9 and 19, 2018, the Bureau, once again, found
21 Respondent out of compliance with the adequate financing regulation, as described in paragraphs
22

23 ⁷ The Bureau issued another Letter of Warning on April 23, 2014 for the violation of
24 California Code of Regulations, title 11, section 2050, subdivision (a) because the Casino failed
25 to have a key employee on the premises at all times that it was open to the public. On or about
26 May 6, 2014, the Bureau received a Corrective Action Plan from the Casino indicating that the
27 Casino had two key employee applications pending with the Bureau. The Bureau replied with a
28 Letter of Acknowledgement. One of these key employee applications was submitted by
Respondent's brother, Robert Ezzell. That application was referred to a Gambling Control Act
hearing before the Commission for numerous irregularities, including failure to disclose multiple
criminal convictions and liens, and improper *ex parte* communications. Robert Ezzell's matter is
Bureau Case No. BGC-HQ2017-00003 and Commission Case No. CGCC-2017-1207-5D. This
application was denied by Decision and Order of the Commission on November 29, 2018.

1 six through ten above. The conduct described above was repeated, apparently continuous, and
2 occurred throughout the tenure of Respondent's ownership and operation of the Casino.

3 22. In April and May 2018, Bureau staff repeatedly requested surveillance video from
4 Respondent and the Casino, as more fully-detailed in paragraphs 13-16, above. The Bureau's
5 request was never met.

6 (Bus. & Prof. Code, §§ 19801, subds. (h), (i), & (k), 19823, 19852, subd. (a), 19856, 19857,
7 subds. (a) & (b), 19859, subd. (a), 19920, 19922, & 19971; Cal. Code. Regs., tit. 4, 12568, subd.
8 (c)(3) & (4); Cal. Code Regs., tit. 11, § 2053.)

9 **PRAYER**

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

12 1. Revoking Respondent's owner's gambling license, license number GEOW-003361,
13 revoking PRCCC, Inc.'s license number GEOW-03362, and revoking the Paso Robles Central
14 Coast Casino's gambling establishment license, license number GEGE-001329.

15 2. Denying the renewal application for Respondent's owner's gambling license, license
16 number GEOW-003361, denying the renewal application for PRCCC, Inc.'s license number
17 GEOW-03362, and denying the renewal application for the Paso Robles Central Coast Casino's
18 gambling establishment license, license number GEGE-001329.

19 3. Staying revocation and denial of the applications to renew PRCCC, Inc.'s license
20 number GEOW-03362 and Paso Robles Central Coast Casino's gambling establishment license,
21 license number GEGE-001329 for Respondent to comply with Business and Professions Code
22 section 19882.

23 4. Imposing fines and monetary penalties against Respondent, in an amount according to
24 proof to the maximum extent allowed by law.

25 5. Awarding Complainant the costs of investigation and the costs of bringing this
26 Accusation before the Commission, pursuant to Business and Professions Code section 19930,
27 subdivisions (d) and (f), in a sum according to proof; and
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6. Taking such other and further action as the Commission may deem appropriate.

Dated: July 9, 2019


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

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APPENDIX A

JURISDICTION

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

(n) "Gambling enterprise employee" means 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 whose employment duties require or authorize access to restricted gambling establishment areas.

2. Business and Professions Code section 19811 provides, in part:

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

3. Business and Professions Code section 19823 provides:

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

(1) Assuring that licenses, approvals, and permits are not issued to, or held by, unqualified or disqualified persons, or by persons 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.

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

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

5 * * *

6 (b) For any cause deemed reasonable by the commission, deny
7 any application for a license, permit, or approval provided for in this
8 chapter or regulations adopted pursuant to this chapter limit, condition,
9 or restrict any license, permit, or approval, or impose any fine upon any
10 person licensed or approved. The commission may condition, restrict,
discipline, or take action against the license or 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.

11 * * *

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

14 5. Business and Professions Code section 19826 provides, in part:

15 The department⁸ . . . shall have all of the following responsibilities:

16 * * *

17 (c) To investigate suspected violations of this chapter or laws
18 of this state relating to gambling

19 * * *

20 (e) To initiate, where appropriate, disciplinary actions as
21 provided in this chapter. In connection with any disciplinary action,
22 the department may seek restriction, limitation, suspension, or
23 revocation of any license or approval, or the imposition of any fine
upon any person licensed or approved.

24 6. Business and Professions Code section 19850 provides:

25 Every person who, either as owner, lessee, or employee, whether for
26 hire or not, either solely or in conjunction with others, deals, operates,
27 carries on, conducts, maintains, or exposes for play any controlled game

28 ⁸ "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd. (h).)

1 in this state, or who receives, directly or indirectly, any compensation or
2 reward, or any percentage or share of the money or property played, for
3 keeping, running, or carrying on any controlled game in this state, shall
4 apply for and obtain from the commission, and shall thereafter maintain,
5 a valid state gambling license, key employee license, or work permit, as
6 specified in this chapter. In any criminal prosecution for violation of this
7 section, the punishment shall be as provided in Section 337j of the Penal
8 Code.

9
10 7. Business and Professions Code section 19851 provides, in part:

11 (b) Other persons who also obtain a state gambling license, as
12 required by this chapter, shall not receive a separate license certificate,
13 but the license of every such person shall be endorsed on the license
14 certificate that is issued to the owner of the gambling enterprise.

15
16 8. Business and Professions Code section 19912 provides, in part:

17 (a) No person under 21 years of age shall be permitted to enter
18 upon the premises of a licensed gambling establishment, or any part
19 thereof, except the following:

20 (1) An area, physically separated from any gambling area,
21 for the exclusive purpose of dining. For purposes of this
22 subdivision, any place wherein food or beverages are dispensed
23 primarily by vending machines shall not constitute a place for
24 dining.

25
26 9. California Code of Regulations, title 4, section 12554, subdivisions (a) and (d)
27 provide, in part:

28 (a) Upon the filing with the Commission of an accusation by the
Bureau recommending revocation, suspension, or other discipline of a holder
of a license, registration, permit, finding of suitability, or approval, the
Commission shall proceed under Chapter 5 (commencing with section
11500) of Part 1 of Division 3 of Title 2 of the Government Code.

* * *

(c) The Administrative Law Judge and Commission shall base their
decisions on written findings of fact, including findings concerning any
relevant aggravating or mitigating factors. Findings of fact shall be based
upon a preponderance of the evidence standard. The "preponderance of the
evidence standard" is such evidence as when considered and compared with
that opposed to it, has more convincing force, and produces a belief in the
mind of the fact-finder that what is sought to be proved is more likely true
than not true.

1 (d) Upon a finding of a violation of the Act,⁹] any regulations adopted
2 pursuant thereto, any law related to gambling or gambling establishments,
3 violation of a previously imposed disciplinary or license condition, or laws
4 whose violation is materially related to suitability for license, registration,
5 permit, or approval, the Commission may do any one or more of the
6 following:

7 (1) Revoke the license, registration, or permit.

8 * * *

9 (5) Impose any fine or monetary penalty consistent with
10 Business and Professions Code sections 19930, subdivision (c),
11 and 19943, subdivision (b).

12 **SPECIFIC STATUTORY AND REGULATORY PROVISIONS**

13 10. Business and Professions Code section 19801 provides, in part:

14 (h) Public trust and confidence can only be maintained by strict
15 comprehensive regulation of all persons, locations, practices, associations,
16 and activities related to the operation of lawful gambling establishments and
17 the manufacture and distribution of permissible gambling equipment.

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

24 * * *

25 (k) Any license or permit issued, or other approval granted pursuant
26 to this chapter, is declared to be a revocable privilege, and no holder
27 acquires any vested right therein or thereunder.

28 11. Business and Professions Code section 19852 provides, in part:

Except as provided in Section 19852.2, an owner of a gambling enterprise that is
not a natural person shall not be eligible for a state gambling license unless each of
the following persons individually applies for and obtains a state gambling license:

(a) If the owner is a corporation, then each officer, director, and shareholder,
other than a holding or intermediary company, of the owner. The foregoing does not

⁹ As used in California Code of Regulations, title 4, section 12554, "Act" refers to the
Gambling Control Act. (Cal. Code Regs., tit. 4, § 12002, subd. (q).)

1 apply to an owner that is either a publicly traded racing association or a qualified
2 racing association.

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

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

10 13. Business and Professions Code section 19857 provides, in part:

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

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

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

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

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

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

27 (b) Failure of the applicant to provide information,
28 documentation, and assurances required by the Chief, or failure of
the applicant to reveal any fact material to qualification, or the
supplying of information that is untrue or misleading as to a
material fact pertaining to the qualification criteria.

15. Business and Professions Code section 19866 provides:

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 gaming.

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

17. Business and Professions Code section 19922 provides:

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

18. 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.

19. Business and Professions Code section 19931 provides, in part:

(a) The department may issue any emergency orders against an owner licensee or any person involved in a transaction requiring prior approval that the department deems reasonable necessary for the immediate preservation of the public peace, health, safety, or general welfare.

* * *

(c) The emergency order is effective immediately upon issuance and service upon the owner licensee or any agent of the licensee registered with the department for receipt of service, or, in cases involving prior approval, upon issuance and service upon the person or entity involved, or upon an agent of that person or entity authorized to accept service of process in this state. The emergency order may suspend, limit, condition, or take other action in relation to the license of one or more persons in an operation without affecting other individual licensees, registrants, or the licensed gambling establishment. The emergency order remains effective until further order of the commission or final disposition of any proceeding conducted pursuant to subdivision (d).

1 (d) Within two calendar days after issuance of an emergency
2 order, the department shall file an accusation with the commission
3 against the person or entity involved. Thereafter, the person or
4 entity against whom the emergency order has been issued and
5 served is entitled to a hearing which, if so requested, shall
6 commence within 10 business days of the date of the request if a
7 gambling operation is closed by the order, and in all other cases,
8 within 30 calendar days of the date of the request. On application
9 of the department, and for good cause shown, a court may extend
10 the time within which a hearing is required to be commenced, upon
11 those terms and conditions that the court deems equitable.

12 20. Business and Professions Code, section 19944 provides:

13 Any person who willfully resists, prevents, impedes, or interferes
14 with the department or the commission or any of their agents or
15 employees in the performance of duties pursuant to this chapter is guilty
16 of a misdemeanor, punishable by imprisonment in a county jail for not
17 more than six months, by a fine not exceeding one thousand dollars
18 (\$1,000), or by both that imprisonment and fine.

19 21. Business and Professions Code section 19971 provides:

20 This act is an exercise of the police power of the state for the protection
21 of the health, safety, and welfare of the people of the State of California, and
22 shall be liberally construed to effectuate those purposes.

23 22. California Code of Regulations, title 4, section 12380 provides, in part:

24 (a) "Minimum Internal Control Standards," or "MICS," are the minimum
25 requirements to operate a gambling establishment as set forth in this chapter, and
26 include, but are not limited to, administration controls, and controls requirement
27 segregation of duties. A licensee must meet or exceed these requirements in
28 controlling their gambling operation.

* * *

(c) Failure by a licensee to comply with the requirements of this article
constitutes an unsuitable method of operation and is a ground for disciplinary action.

23 23. California Code of Regulations, title 4, section 12387 provides, in part:

24 (a) The policies and procedures for all tiers shall meet or exceed
25 the following standards for the security of floor banks:

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(1) When kept, held, or stored in any public area of the gambling establishment, a floor bank shall be secured in a receptacle, drawer, or compartment with a locking mechanism securing the contents. The receptacle, drawer, or compartment shall remain locked at all times, except when being accessed by assigned gambling enterprise employees in the performance of their duties. If a keyed lock or locking mechanism is used, the key shall not be left in the lock when the drawer or compartment is not being accessed. All keys, combinations, and access codes shall be subject to the applicable key security and control provisions of Section 12395.

(2) The lock or locking mechanism of each receptacle containing a floor bank, shall be keyed differently from the lock or locking mechanism of any other receptacle, drawer, or compartment of any furnishing, fixture, cabinet, appurtenance, or device (hereafter cabinet) in the gambling establishment, except in the following circumstances:

(A) When a single assigned gambling enterprise employee requires access to multiple receptacles in the performance of his or her duties; that access is limited solely to that employee during his or her assigned shift; and each of the receptacles contains a floor bank, those receptacles may have a key, combination, or access code in common with each other.

(B) Managers and supervisors whose duties include the supervision or oversight of employees who utilize and have access to floor banks in the performance of their assigned duties, may have a master or duplicate key that will open some or all of the locking mechanisms for the receptacles containing a floor bank to which any of their subordinate employees have access.

(3) Any cabinet having a drawer, compartment, or receptacle containing or intended to contain a floor bank shall be located so that it is clearly visible for security and surveillance purposes. The cabinet shall be kept under continuous recorded video surveillance, in accordance with the applicable provisions of Section 12396. The camera coverage shall be adequate to enable monitoring and recording of the contents of any drawer when open, to the extent reasonably possible, and of all activities involving the floor bank. If a mobile cabinet is used, it shall be kept at a fixed secure location under continuous recorded video surveillance when not being actively used on the gambling floor.

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(4) No gambling equipment, documents, supplies, or other materials that are not directly related to a floor bank shall be commingled with or kept in the same receptacle with a floor bank. Neither the cabinet nor any other drawer, compartment, or receptacle therein, shall be used to hold, store, keep, or safeguard any personal property or possession of any gambling enterprise employee, patron, or any other person, nor any equipment, documents, supplies, or other materials that are not directly related to the conduct of gambling operations.

(5) Each floor bank shall be individually balanced not less than daily and the imprest amount verified. Any shortages or overages shall be documented in an exception report and included in the appropriate cage bank reconciliation.

(6) The licensee shall establish a maximum imprest amount that may be assigned to each floor bank based on a reasonable estimate of the amount necessary for the activities associated with the bank during any shift. The maximum imprest amount that may be assigned to a floor bank in a mobile cabinet shall not exceed \$ 30,000 at any time.

(7) The licensee's policies and procedures shall include specific provisions governing the sale or distribution of gambling chips and the disbursement of cash to patrons from a floor bank by the assigned gambling enterprise employee. The redemption of chips by a patron from a floor bank shall not exceed a total of \$ 500, except when that floor bank is being temporarily operated as a cage and all applicable provisions of Section 12386 are complied with. No chip redemptions may be transacted at any time from a floor bank in a mobile cabinet.

* * *

(c) If a licensee provides to any third-party provider of proposition player services (TPPPS) company or its employees access to or the use of any cabinet, or any receptacle, drawer, or compartment in any cabinet described in subsection (a) or (b), that access or use shall be exclusive to that TPPPS company and its employees, and that cabinet shall not be used by the licensee for any purpose.

24. California Code of Regulations, title 4, section 12396 provides, in part:

(a) The policies and procedures for all Tiers shall meet or exceed the following standards for surveillance:

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(1) Licensees shall install and maintain, on site in their gambling establishment, a surveillance system, with video recording and closed circuit television (CCTV) monitoring capabilities, to record critical activities related to the licensees' gambling operations. The surveillance system shall record with reasonable coverage and clarity, at a minimum, the gambling operation, the payment of player drop fees, the collection of drop boxes, the drop count processes, cage and cashier activities, gambling equipment storage areas, except for furniture storage areas, and the interior of gambling establishment entrances and exits. The video recording equipment shall include date and time generators which shall display the current date and time of recorded events on videotape or digital recordings. The displayed date and time shall not significantly obstruct the view of recorded images. The surveillance system may have remote, off-site access capabilities, but only ancillary to any on-site systems required by this section.

(2) All surveillance recordings shall be made in real time mode, or at a speed sufficient to capture and record with reasonable completeness the actions of all individuals being observed, except that any recordings of the gambling establishment parking areas, and the gambling establishment entrances and exits may be recorded in time-lapse mode, at a minimum speed of 15 frames per second.

(3) All video surveillance cameras shall be installed in a manner that prevents them from being intentionally obstructed, tampered with or disabled by patrons or employees, to the extent reasonably possible. All recording and monitoring equipment shall be located in secure rooms or areas of the gambling establishment so that access is controlled.

(4) The surveillance system operation shall be checked daily to ensure that all surveillance equipment is functioning properly and reasonable efforts shall be made to repair malfunctioning surveillance equipment within 72 hours of the discovery of the malfunctions.

* * *

(6) Videotapes or other recording media shall be marked or coded to denote the activity recorded.

(7) (A) Unless otherwise requested by the Bureau, all recordings shall be retained for a minimum of seven complete days of operation, except that recordings that are determined by the Bureau or a law enforcement agency to be of evidentiary value shall be retained for a period specified in writing by the

1 determining agency. Recordings of any criminal offense
2 subject to reporting pursuant to paragraph (3) of subsection (a)
3 of Section 12395 shall be retained indefinitely, or until the
4 Bureau authorizes their disposal.

5 (B) Subsection (f) notwithstanding, the seven day
6 retention period specified in subparagraph (A) shall be
7 increased to 14 days no later than June 1, 2013.

8 (8) For the purpose of enforcing the provisions of the Act,
9 this division, or Division 3 of Title 11 of the California Code of
10 Regulations, Bureau staff, with the approval of the chief, may, at
11 any time during the gambling establishment's actual hours of
12 operation, demand immediate access to the surveillance room and
13 any area of the gambling establishment where surveillance
14 equipment is installed or maintained or where surveillance video
15 recordings are stored, and such access shall be provided by the
16 licensee or the licensee's authorized representative. The Bureau
17 may, pursuant to subparagraph (D) of paragraph (1) of subdivision
18 (a) of section 19827 of the Business and Professions Code, take
19 custody of and remove from the gambling establishment the
20 original of any video recording, or a copy of any digital recording,
21 required to be made and maintained pursuant to the Act or this
22 division. Any surveillance video recording that is in the custody of
23 the Bureau pursuant to this paragraph may be disclosed by the
24 Bureau only when necessary to administer or enforce the provisions
25 of the Act, this division, or Division 3 of Title 11 of the California
26 Code of Regulations or when necessary to comply with a court
27 order. Upon reasonable request of the licensee or the licensee's
28 authorized representative, a copy of the recordings shall be made
and left on the premises if copying equipment is available to enable
Bureau staff to make copies. If copying equipment is not available
to Bureau staff, upon reasonable request of the licensee or the
licensee's authorized representative, a copy of the recordings will be
provided to the licensee at the licensee's expense, unless the Bureau
expressly waives its costs of providing the copies.

25. California Code of Regulations, title 4, section 12568, provides, in part:

(c) A state gambling license, finding of suitability, or approval
granted by the Commission, other than a work permit, and an owner
license for a gambling establishment if the owner licensee has
committed a separate violation from any violations committed by the
gambling establishment shall be subject to revocation by the
Commission on any of the following grounds:

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(3) If the Commission finds the holder no longer meets any criterion for eligibility, qualification, suitability or continued operation, including those set forth in Business and Professions code sections 19857, 19858, or 19880, as applicable, or

(4) If the Commission finds the holder currently meets any of the criteria for mandatory denial of an application set forth in Business and Professions Code sections 19859 or 19860.

26. California Code of Regulations, title 11, section 2052 provides, in part:

(c) Within five days of any owner licensee or key employee obtaining knowledge or notice of any possible violation of the Act or these regulations, a written report shall be submitted to the Bureau, which details the nature of the violation, the identities of those persons involved in the violation, and describes what actions have been taken to address the violation.

27. California Code of Regulations, title 11, section 2053 provides:

(a) The Bureau may require a gambling establishment to present satisfactory evidence that there is adequate financing available to protect the public's health, safety and welfare.

(b) A gambling establishment shall maintain a separate, specifically designated, insured account with a licensed financial institution in an amount not less than the total value of the chips in use by the gambling establishment. The funds from that account may only be used to redeem the chips of that gambling establishment. That account may not be used as collateral, or encumbered or hypothecated in any fashion. Alternatively, the Bureau may allow the gambling establishment to provide some other form of security acceptable to the Bureau, in lieu of maintaining the required account.

(c) A gambling establishment shall maintain a separate, specifically designated, insured account with a licensed financial institution in an amount not less than the total amount of the monies that patrons of that gambling establishment have on deposit with the gambling establishment. The funds from that account may only be used to return to the patrons the balance of monies on deposit with the gambling establishment. That account may not be used as collateral, or encumbered or hypothecated in any fashion. Alternatively, the Bureau

1 may allow the gambling establishment to provide some other form of
2 security acceptable to the Bureau, in lieu of maintaining the required
3 account.

4 **COST RECOVERY**

5 28. Business and Professions Code, section 19930 provides, in part:

6 (b) If, after any investigation, the department is satisfied that a
7 license, permit, finding of suitability, or approval should be suspended or
8 revoked, it shall file an accusation with the commission in accordance
9 with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3
10 of Title 2 of the Government Code.

11 (c) In addition to any action that the commission may take against
12 a license, permit, finding of suitability, or approval, the commission may
13 also require the payment of fines or penalties. However, no fine imposed
14 shall exceed twenty thousand dollars (\$20,000) for each separate
15 violation of any provision of this chapter or any regulation adopted
16 thereunder.

17 (d) In any case in which the administrative law judge recommends
18 that the commission revoke, suspend, or deny a license, the
19 administrative law judge may, upon presentation of suitable proof, order
20 the licensee or applicant for a license to pay the department the
21 reasonable costs of the investigation and prosecution of the case.

22 (1) The costs assessed pursuant to this subdivision shall be
23 fixed by the administrative law judge and may not be increased
24 by the commission. When the commission does not adopt a
25 proposed decision and remands the case to the administrative law
26 judge, the administrative law judge may not increase the amount
27 of any costs assessed in the proposed decision.

28 (2) The department may enforce the order for payment in
the superior court in the county in which the administrative
hearing was held. The right of enforcement shall be in addition
to any other rights that the division may have as to any licensee
to pay costs.

(3) In any judicial action for the recovery of costs, proof
of the commission's decision shall be conclusive proof of the
validity of the order of payment and the terms for payment.

* * *

(f) For purposes of this section, "costs" include costs incurred for
any of the following:

(1) The investigation of the case by the department.

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(2) The preparation and prosecution of the case by the
Office of the Attorney General.

1 DECLARATION OF SERVICE

2 Case Name: **First Amended Accusation Against: PRCCC, Inc. dba Paso Robles Central**
3 **Coast Casino; Donald G. Ezzell**

4 Case No.: **OAH Case No. 2018080180**

5 I declare:

6 I am employed in the Office of the Attorney General, which is the office of a member of the
7 California State Bar, at which member's direction this service is made. I am 18 years of age or
8 older and not a party to this matter; my business address is 1300 I Street, Suite 125, P.O. Box
9 944255, Sacramento, CA 94244-2550.

10 On July 10, 2019, I caused to be served the attached **SECOND AMENDED ACCUSATION**
11 **AND STATEMENT OF ISSUES** by placing a true copy thereof enclosed in a sealed

12 MAIL envelope with postage thereon fully prepaid, in the United States Mail at Sacramento,
13 California, addressed as follows:

14 Robert S. McWhorter
15 BUCHALTER
16 500 Capitol Mall, Suite 1900
17 Sacramento, CA 95814
18 rmcwhorter@buchalter.com

19 AND

20 E-MAIL TRANSMISSION by transmitting a true copy via electronic mail, addressed as
21 follows:

22 Robert S. McWhorter
23 BUCHALTER
24 500 Capitol Mall, Suite 1900
25 Sacramento, CA 95814
26 rmcwhorter@buchalter.com

27 Jacqueline N. Vu
28 BUCHALTER
500 Capitol Mall, Suite 1900
Sacramento, CA 95814
jvu@buchalter.com

29 Donald G. Ezzell
30 The General Counsel Group, P.C.
31 74160 Quail Lakes Dr.
32 Indian Wells, CA 92210-7370
33 Don.Ezzell@gencounselgroup.com

34 I declare under penalty of perjury under the laws of the State of California the foregoing is true
35 and correct and that this declaration was executed on July 10, 2019, at Sacramento, California.

36 Rochelle Uda-Quillen
37 Declarant

38 
39 Signature