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8
 9 BEFORE THE
 10 CALIFORNIA GAMBLING CONTROL COMMISSION
 11 STATE OF CALIFORNIA
 12

13 In the Matter of the Statement of Reasons
 for Denial of License Application and
 14 Cancellation of Registration Regarding:

BGC Case No. BGC-HQ2014-00009SL
 CGCC Case No: CGCC-2014-0828-10A

15 **IDANAY CHERIS PHILLIPS**
 16 

STATEMENT OF REASONS

17
 18 Registration Nos. TPPL-011183

19 Respondent.
 20

21 Complainant alleges as follows:

22 PARTIES

23 1. Wayne J. Quint, Jr. (Complainant) brings this Statement of Reasons for Denial of
 24 License Application and Cancellation of Registration solely in his official capacity as the Chief of
 25 the California Department of Justice, Bureau of Gambling Control (Bureau).

26 2. Idanay Cheri Phillips (Respondent) holds a registration as a third-party proposition
 27 player, registration number TPPL-011183. Respondent is employed in that capacity by Pacific
 28

1 Gaming Services, LLC, a licensed provider of third-party proposition player services.

2 Respondent's registration as a third-party proposition player will expire on May 31, 2015.

3 3. On or about December 21, 2012, the California Gambling Control Commission
4 (Commission) received an Application for a Third-Party Proposition Player Services License for
5 Supervisor, Player or Other Employee (application), submitted by Respondent to convert her
6 registration as a third-party proposition player to a license.¹ The application was deemed complete
7 by the Bureau on or about March 25, 2014.

8 4. At its August 28, 2014, meeting, the Commission referred the determination of
9 Respondent's suitability for licensure to an evidentiary hearing.

10 5. On or about August 28, 2014, pursuant to California Code of Regulations, title 4,
11 section 12050, subdivision (b), the Executive Director of the Commission sent the matter for a
12 hearing to be conducted pursuant to the provisions of Business and Professions Code sections
13 19870 and 19871.

14 JURISDICTION

15 6. Business and Professions Code section 19811, subdivision (b), provides:

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

20 7. Business and Professions Code section 19823 provides:

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

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

28 ¹ Respondent was required to submit a request to convert her registration as a third-party proposition player to a license pursuant to Business and Professions Code section 19984, and California Code of Regulations, title 4, sections 12205.1 and 12218.

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

7 (b) For the purposes of this section, "unqualified person"
8 means a person who is found to be unqualified pursuant to the
9 criteria set forth in Section 19857, and "disqualified person" means
10 a person who is found to be disqualified pursuant to the criteria set
11 forth in Section 19859.

12 8. Business and Professions Code section 19824 provides in part:

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

17 * * *

18 (b) For any cause deemed reasonable by the commission, deny
19 any application for a license, permit, or approval provided for in this
20 chapter or regulations adopted pursuant to this chapter, limit, condition,
21 or restrict any license, permit, or approval, or impose any fine upon any
22 person licensed or approved. The commission may condition, restrict,
23 discipline, or take action against the license of an individual owner
24 endorsed on the license certificate of the gambling enterprise whether or
25 not the commission takes action against the license of the gambling
26 enterprise.

27 * * *

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

9. Business and Professions Code section 19870 provides:

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

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

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

7 (d) All proceedings at a meeting of the commission relating to a
8 license application shall be recorded stenographically or by audio or
9 video recording.

10 (e) A decision of the commission denying a license or approval,
11 or imposing any condition or restriction on the grant of a license or
12 approval may be reviewed by petition pursuant to Section 1085 of the
13 Code of Civil Procedure. Section 1094.5 of the Code of Civil Procedure
14 shall not apply to any judicial proceeding described in the foregoing
15 sentence, and the court may grant the petition only if the court finds that
16 the action of the commission was arbitrary and capricious, or that the
17 action exceeded the commission's jurisdiction.

18 10. Business and Professions Code section 19871 provides:

19 (a) The commission meeting described in Section 19870 shall be
20 conducted in accordance with regulations of the commission and as
21 follows:

22 (1) Oral evidence shall be taken only upon oath or
23 affirmation.

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

25 (A) To call and examine witnesses.

26 (B) To introduce exhibits relevant to the issues of the
27 case.

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

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

(E) To offer rebuttal evidence.

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

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

12 (b) Nothing in this section confers upon an applicant a right to
13 discovery of the department's² investigative reports or to require
14 disclosure of any document or information the disclosure of which is
15 otherwise prohibited by any other provision of this chapter.

16 11. Business and Professions Code section 19984, subdivision (b), provides in part:

17 The commission shall establish reasonable criteria for, and require
18 the licensure and registration of, any person or entity that provides
19 proposition player services to gambling establishments pursuant to this
20 section, including owners, supervisors, and players. . . . The
21 commission may impose licensing requirements, disclosures, approvals,
22 conditions, or limitations as it deems necessary to protect the integrity of
23 controlled gambling in this state

24 12. Business and Professions Code section 19853, subdivision (a)(3), provides:

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

* * *

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

² "Department" refers to the Department of Justice. (See Bus. & Prof. Code, § 19805, subd. (h).)

1 13. California Code of Regulations, title 4, section 12205, subdivision (a), provides:

2 Any regular registration [as a third-party proposition player] issued
3 in accordance with this chapter³ shall be subject to cancellation pursuant
4 to this section. A registration shall be cancelled if the Commission
5 determines after a noticed hearing that the registrant is ineligible for
6 registration, has failed in an application for registration to reveal a fact
7 material to the holder's qualification for registration, or has supplied
8 information in the registration application that is untrue or misleading as
9 to a material fact pertaining to the criteria for issuance of registration.

8 SPECIFIC STATUTORY AND REGULATORY PROVISIONS

9 14. Business and Professions Code section 19856, subdivision (a) provides in part:

10 The burden of proving his or her qualifications to receive any license
11 is on the applicant.

12 15. Business and Professions Code section 19857 provides in part:

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

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

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

24 16. Business and Professions Code section 19859 provides in part:

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

27 * * *

28 ³ "Chapter" refers to California Code of Regulations, title 4, division 18, chapter 2.1,
section 12200 et seq.

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

6 17. California Code of Regulations, title 4, section 12204, provides in part:

7 An applicant shall be ineligible for registration for any of the
8 following causes:

9 * * *

10 (d) If the application is for registration as an owner, supervisor,
11 or player, the applicant has been subject to a final administrative or
12 judicial adjudication revoking a registration under this chapter or a state
13 gambling license, key employee license, work permit or finding of
14 suitability or has had an application denied under this chapter of Act.^[4]

15 (e) The applicant would be ineligible for a state gambling license
16 under Business and Professions Code section 19859, subdivisions (b),
17 (e), or (f).

18 * * *

19 (i) The applicant is ineligible based on any other provision of
20 law.

21 18. California Code of Regulations, title 4, section 12218.11, provides in part:

22 A requester^[5] shall be ineligible for licensing for any of the
23 following causes:

24 * * *

25 (d) If the request to convert is for licensing as an owner,
26 supervisor, or player, the requester has been subject to a final
27 administrative or judicial adjudication revoking a registration or license
28 under this chapter or a state gambling license, key employee license,
work permit or finding of suitability or has had an application denied
under this chapter of Act.

26 ⁴ "Act" refers to the Gambling Control Act, Business and Professions Code, section 19800
27 et seq.

28 ⁵ A "requester" is registrant that is seeking to convert his or her registration to a license.

1 (e) The requester has failed to meet the requirements of Business
2 and Professions Code sections 19856 or 19857.

3 (f) The requester would be ineligible for a state gambling license
4 under Business and Professions Code section 19859, subdivisions (b),
(e), or (f).

5 * * *

6 (j) The applicant is ineligible based on any other provision of
7 law.

8 **FIRST CAUSE FOR DENIAL OF LICENSE APPLICATION**
9 **AND CANCELLATION OF CURRENT REGISTRATION**

10 **(Mandatory Denial – Failure to Reveal Material Facts and/or Supplying**
11 **Untrue or Misleading Information)**

12 19. Respondent's license application is subject to mandatory denial and her registration is
13 subject to cancellation pursuant to Business and Professions Code, section 19859, subdivision (b),
14 and California Code of Regulations, title 4, sections 12205, subdivision (a), 12204, subdivisions
15 (e) and (i), and/or 12218.11, subdivisions (f) and (j), in that:

16 a. On or about December 12, 2012, in her application, Respondent failed to disclose the
17 material fact that her employment as a third-party proposition player with Kings Consulting
18 Group, LLC, (Kings) was terminated for dishonesty.

19 b. Upon discovering through routine employment checks that Respondent's employment
20 had been terminated by Kings, the Bureau requested that Respondent explain the circumstances
21 concerning that termination. In a letter dated March 2, 2014, Respondent provided an explanation
22 that was untrue and/or misleading. Respondent concocted a story in which she blamed Health and
23 Life Organization Incorporation, doing business as Sacramento Community Clinic (Sacramento
24 Clinic), for her employment termination by Kings. She claimed that Sacramento Clinic's new
25 patient application process and/or record retention policy was responsible for her inability to
26 substantiate the validity of the doctor's note she had submitted to Kings to excuse her absence
27 from work. In truth, Respondent was not seen as a patient at Sacramento Clinic.
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3 **SECOND CAUSE FOR DENIAL OF LICENSE APPLICATION**
4 **AND CANCELLATION OF CURRENT REGISTRATION**

5 **(Unqualified for Licensure - Lack of Good Character, Honesty & Integrity and/or Prior**
6 **Activities Making Her Unsuitable for Licensure)**

7 20. Respondent's license application is subject to denial and her registration is subject to
8 cancellation pursuant to Business and Professions Code, section 19857, subdivisions (a) and/or
9 (b); and California Code of Regulations, title 4, sections 12205, subdivision (a), 12204,
10 subdivisions (d) and (i), and/or 12218.11, subdivisions (e) and (j), in that Respondent has
11 demonstrated a ready willingness to provide false, misleading and/or dishonest information to her
12 gambling industry employer (Kings) and to State officials, who are requiring information from
13 Respondent in the performance of their official duties, as follows:

14 a. Respondent, under penalty of perjury, failed to disclose on her application the
15 pertinent fact that her employment as a third-party proposition player with Kings was terminated
16 for dishonesty as alleged in paragraph 19, subparagraph a, above and incorporated herein by
17 reference.

18 b. As part of the application process, Respondent submitted an explanation to the Bureau
19 concerning her employment termination that was untrue and/or misleading as alleged in paragraph
20 19, subparagraph b, above and incorporated herein by reference.

21 c. Respondent submitted to Kings a bogus/forged doctor's note purportedly issued by
22 Sacramento Clinic to excuse her absence from work.

23 **PRAYER**

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

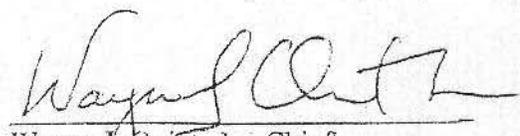
26 1. Denying Respondent's Application for a Third-Party Proposition Player Services
27 License to convert her registration as a third-party proposition player to a license;

28 2. Cancelling Respondent's registration as a third-party proposition player, registration
number TPPL-011183; and

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

Dated: October 22, 2014



Wayne J. Quinn, Jr., Chief
Bureau of Gambling Control
California Department of Justice
Complainant