

1 XAVIER BECERRA
Attorney General of California
2 SARA J. DRAKE
Senior Assistant Attorney General
3 COLIN A. WOOD
Deputy Attorney General
4 State Bar Number 267539
1300 I Street, Suite 125
5 P.O. Box 944255
Sacramento, CA 94244-2550
6 Telephone: (916) 210-7754
Fax: (916) 327-2319
7 E-mail: Colin.Wood@doj.ca.gov
Attorneys for Complainant



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

13
14 In the Matter of the Statement of Reasons for
15 Denial of Application for a Third-Party
Proposition Player Services License for:

CGCC Case No. CGCC-2018-0111-11D
BGC Case No. BGC-HQ2018-0013SL

16 **LIQIN QIAN**

STATEMENT OF REASONS

17 [REDACTED]
18
19 **Respondent.**

20
21 **PARTIES**

22 1. Stephanie K. Shimazu (Complainant) submits this Statement of Reasons solely in her
23 official capacity as the Director of the California Department of Justice, Bureau of Gambling
24 Control (Bureau).

25 2. On or about December 6, 2016, the Bureau received an Application for Third-Party
26 Proposition Players Services License for Supervisor, Player or Other Employee, and a Level I
27 Supplemental Information (collectively, Application) from Liqin Qian (Respondent) to allow her
28

1 employment as a third-party proposition player for Pacific United Service, Inc. (Pacific), a
2 registered third-party proposition player services provider, registration number TPPP-000126.¹

3 3. Respondent has been employed by Pacific since July 2016. She was issued a third-
4 party proposition player registration, number TPPL-018000, on October 5, 2016.

5 4. On or about November 21, 2017, the Bureau submitted a Third-Party Player
6 Background Investigation Report to the Commission in which it recommended that Respondent's
7 Application be denied.

8 5. On or about January 11, 2018, the Commission referred consideration of
9 Respondent's Application to an evidentiary hearing, which is to be held pursuant to California
10 Code of Regulations, title 4, section 12060.²

11 6. Respondent submitted a Notice of Defense, which is dated February 1, 2018.

12 **BURDEN OF PROOF**

13 7. Respondent has the burden of proving her qualifications to receive a license.
14 (Bus. & Prof. Code, § 19856, subd. (a).)

15 **FIRST CAUSE FOR DENIAL OF APPLICATION**

16 **(Providing False or Misleading Information to the Bureau)**

17 8. Respondent's Application is subject to denial and her registration subject to
18 revocation or cancellation in that Respondent, under penalty of perjury, affirmatively and falsely
19 stated or omitted in her Application the following:

20 a. Respondent falsely stated in Section (D) of her Level I Supplemental Information
21 (Supplemental) that her only employment during the ten years prior to submitting her application
22 was with Pacific³ and then with P.T. Gaming, LLC (P.T. Gaming). Respondent was in fact also
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24 _____
25 ¹ Respondent was required to apply for a license because Pacific was called forward to
26 apply to convert its registration to a license on August 26, 2016.

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

³ All employment was as a third-party proposition player, unless otherwise noted.

1 employed by Metis TPS, LLC (Metis), CB Certified Banker, Inc. (CB), and Voyager PPSP, LLC
2 (Voyager) during the ten years for which she was required to disclose employment.⁴
3 (Bus. & Prof. Code, §§ 19856, 19857, subds. (a) & (b), 19859, subds. (a) & (b) [mandatory
4 denial] & 19866; Cal. Code. Regs., tit. 4, §§ 12200.18, subds. (a), (b) & (f), 12205 & 12218.11,
5 subds. (e) [mandatory denial], (f) [mandatory denial] & (j) [mandatory denial].)

6 **SECOND CAUSE FOR DENIAL OF APPLICATION**

7 **(Failing to Disclose Information to the Bureau)**

8 9. Respondent's Application is subject to denial and her registration subject to
9 revocation or cancellation in that Respondent, under penalty of perjury, affirmatively and falsely
10 stated or omitted the following information in her Application and/or responses to supplemental
11 requests for information from the Bureau:

12 a. Respondent was employed by Metis from October 2015 to December 2015. She did
13 not disclose this employment on her Supplemental, as required. In response to the Bureau's
14 initial follow-up inquiry to her on this issue, she still failed to disclose her employment with
15 Metis. In response to the Bureau's second follow-up inquiry, Respondent disclosed that she had
16 worked at Metis. She then falsely also stated that she left Metis due to illness. In fact,
17 Respondent had been terminated from Metis for falsifying her employment application by not
18 disclosing that she was previously employed and terminated by CB.

19 b. Respondent was employed by PT Gaming from December 2012 to July 2013. She
20 falsely stated on her Supplemental that she was employed there from February 2003 to April
21 2004, and from February 2013 to April 2014. Respondent also failed to disclose on her
22 Supplemental that she was terminated from PT Gaming on July 31, 2013. Respondent falsely
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24 _____
25 ⁴ Respondent was also employed by Progressive Gaming Group, Inc. (Progressive) in
26 2006. She submitted a registration application that was signed on February 7, 2006, and received
27 by the Bureau on or about March 6, 2006. However, Bureau records indicate that Respondent
28 resigned from Progressive on or about March 24, 2006—placing this employment outside the ten
year-period for which she was required to disclose employment on the pending application.
However, Respondent failed to disclose this employment on a *prior* application. See paragraph
11, below.

1 stated on her Supplemental that the reasons for leaving her employment with P.T. Gaming was to
2 “leave town.”

3 c. Respondent was employed by CB from December 2011 to July 2012. She did not
4 disclose this employment on her Supplemental, as required. She likewise did not disclose it in
5 response to the Bureau’s first request for information. In response to the second request for
6 information, which indicated the Bureau knew about this employment, she stated that she was
7 employed at CB, but left to visit Shanghai, China. Respondent failed to disclose on her
8 Supplemental that she was terminated from CB on June 19, 2012.

9 d. Respondent was employed by Voyager from April 2011 to January 2012. She did not
10 disclose this employment on her Supplemental, as required. She likewise did not disclose it in
11 response to the Bureau’s first request for information. In response to the second request for
12 information, which indicated the Bureau knew about this employment, she stated that she was
13 employed at Voyager, but left because the company was bought out. Respondent was in fact
14 terminated from her employment at Voyager on January 18, 2012.

15 (Bus. & Prof. Code, §§ 19856, 19857, subds. (a) & (b), 19859, subds. (a) & (b) [mandatory
16 denial] & 19866; Cal. Code. Regs., tit. 4, §§ 12200.18, subds. (a), (b) & (f), 12205 & 12218.11,
17 subds. (e) [mandatory denial], (f) [mandatory denial] & (j) [mandatory denial].)

18 **THIRD CAUSE FOR DENIAL OF APPLICATION**

19 **(Falsification of Employment Application)**

20 10. Respondent’s Application is subject to denial and her registration subject to
21 revocation or cancellation in that Respondent falsified the employment application that she
22 submitted to Metis. On that application, she did not disclose that she was previously employed
23 and terminated by CB. When the Bureau verified Respondent’s employment with Metis, the
24 Bureau was informed she was terminated for the application falsification.

25 (Bus. & Prof. Code, §§ 19856, 19857, subds. (a) & (b), 19859, subds. (a) & (b) [mandatory
26 denial] & 19866; Cal. Code. Regs., tit. 4, §§ 12200.18, subds. (a), (b) & (f), 12205 & 12218.11,
27 subds. (e) [mandatory denial], (f) [mandatory denial] & (j) [mandatory denial].)

1 **FOURTH CAUSE FOR DENIAL OF APPLICATION**

2 **(Providing False or Misleading Information to the Bureau and Commission on Prior**
3 **Application)**

4 11. Respondent's Application is subject to denial and her registration subject to
5 revocation or cancellation in that Respondent, under penalty of perjury, failed to disclose prior
6 employment in a prior application for registration as a third-party proposition services player. On
7 or about May 11, 2012, Respondent submitted an application to convert her registration to a
8 license while she was employed by CB. In her Supplemental accompanying that application,
9 Respondent stated that she was a "homemaker" from April 2002 through 2011. However,
10 Respondent submitted a registration application on or about March 6, 2006 for Progressive. In
11 that Supplemental, she stated she began working at Progressive in February 2006 and was "still
12 working" at the time she submitted the application.

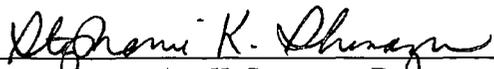
13 (Bus. & Prof. Code, §§ 19856, 19857, subs. (a) & (b), 19859, subs. (a) & (b) [mandatory
14 denial] & 19866; Cal. Code. Regs., tit. 4, §§ 12200.18, subs. (a), (b) & (f), 12205 & 12218.11,
15 subs. (e) [mandatory denial], (f) [mandatory denial] & (j) [mandatory denial].)

16 **PRAYER**

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

- 19 1. Denying Respondent's Application for third-party proposition player license;
20 2. Revoking or cancelling Respondent's registration, number TPPL-018000; and
21 3. Taking such other and further action as the Commission may deem appropriate.

22
23 Dated: September 19, 2018

24 
25 STEPHANIE K. SHIMAZU, DIRECTOR
26 Bureau of Gambling Control
27 California Department of Justice
28

1 individual owner endorsed on the license certificate of the gambling
2 enterprise whether or not the commission takes action against the
license of the gambling enterprise.

3 * * *

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

6
7 4. Business and Professions Code section 19853, subdivision (a), provides:

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

11 * * *

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

13 5. Business and Professions Code section 19870 provides:

14 (a) The commission, after considering the recommendation of
15 the chief⁶ and any other testimony and written comments as may be
presented at the meeting, or as may have been submitted in writing to
16 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.

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

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

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

23 (e) A decision of the commission denying a license or approval,
24 or imposing any condition or restriction on the grant of a license or
approval may be reviewed by petition pursuant to Section 1085 of the
25 Code of Civil Procedure. Section 1094.5 of the Code of Civil
26 Procedure shall not apply to any judicial proceeding described in the
foregoing sentence, and the court may grant the petition only if the

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28 ⁶ "Chief" refers to the Director of the Bureau. (Bus. & Prof. Code, § 19805, subd. (d).)

1 court finds that the action of the commission was arbitrary and
2 capricious, or that the action exceeded the commission's jurisdiction.

3 6. Business and Professions Code section 19871 provides:

4 (a) The commission meeting described in Section 19870 shall be
5 conducted in accordance with regulations of the commission and as
6 follows:

7 (1) Oral evidence shall be taken only upon oath or
8 affirmation.

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

10 (A) To call and examine witnesses.

11 (B) To introduce exhibits relevant to the issues of the
12 case.

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

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

18 (E) To offer rebuttal evidence.

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

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

(b) Nothing in this section confers upon an applicant a right to
discovery of the department's^[7] investigative reports or to require
disclosure of any document or information the disclosure of which is
otherwise prohibited by any other provision of this chapter.

27 ⁷ "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd.
28 (h).)

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

2 The commission shall establish reasonable criteria for, and
3 require the licensure and registration of, any person or entity that
4 provides proposition player services to gambling establishments
5 pursuant to this section, including owners, supervisors, and
6 players The commission may impose licensing requirements,
7 disclosures, approvals, conditions, or limitations as it deems necessary
8 to protect the integrity of controlled gambling in this state

9 8. California Code of Regulations, title 4, section 12056, subdivision (a) provides, in
10 part:

11 If the Commission elects to hold an evidentiary hearing, the
12 hearing will be conducted as a GCA hearing under Section 12060,
13 unless the Executive Director or the Commission determines the
14 hearing should be conducted as an APA hearing under Section
15 12058

16 9. California Code of Regulations, title 4, section 12060, subdivision (b) provides:

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

22 10. California Code of Regulations, title 4, section 12200.3, subdivision (g), provides:

23 Registrations, licenses, and badges are specific to the primary
24 owner. Third party proposition player services cannot be provided
25 without first applying for and obtaining a registration, license, or
26 badge.

27 11. California Code of Regulations, title 4, section 12205 provides:

28 (a) Any regular registration issued in accordance with this
chapter^[8] shall be subject to cancellation pursuant to this section. A
registration shall be cancelled if the Commission determines after a
noticed hearing that the registrant is ineligible for registration, has
failed in the application for registration to reveal any fact material to
the holder's qualification for registration, or has supplied information
in the registration application that is untrue or misleading as to a
material fact pertaining to the criteria for issuance of registration.

(b) If the Commission finds that any of the circumstances set
forth in subsection (a) apply, then the Executive Director shall
immediately do all of the following:

⁸ "Chapter" refers to California Code of Regulations, title 4, division 18, chapter 2.1, section 12200 et seq.

1 (1) Provide written notice to the registrant and the Bureau
2 of the cancellation of the registration and the grounds thereof, and
3 provide written notice of the cancellation to the owner, if the
4 registrant is a supervisor, player, or other employee and to any
5 gambling establishment in which the registrant provides
6 proposition player services.

7 (2) Notify the registrant, if an individual, that he or she is
8 required to surrender the registrant's badge to the Commission
9 not more than ten days following the date that the notice of the
10 cancellation was mailed or such greater time as is authorized by
11 the Executive Director.

12 SPECIFIC STATUTORY PROVISIONS

13 12. Business and Professions Code section 19856 provides:

14 (a) Any person who the commission determines is qualified to
15 receive a state license, having due consideration for the proper
16 protection of the health, safety, and general welfare of the residents of
17 the State of California and the declared policy of this state, may be
18 issued a license. The burden of proving his or her qualifications to
19 receive any license is on the applicant.

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

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

13. Business and Professions Code section 19857 provides:

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

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

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

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

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

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

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

8 (b) Failure of the applicant to provide information,
9 documentation, and assurances required by this chapter or requested
10 by the chief, or failure of the applicant to reveal any fact material to
11 qualification, or the supplying of information that is untrue or
12 misleading as to a material fact pertaining to the qualification criteria.

13 15. Business and Professions Code section 19866 provides:

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

19 16. California Code of Regulations, title 4, section 12200.18, provides, in part:

20 The Commission may revoke a registration or license, upon any
21 of the following grounds, after a hearing conducted pursuant to the
22 same procedures applicable to the revocation of a gambling
23 establishment license:

24 (a) The registrant or licensee committed, attempted to commit,
25 or conspired to commit any acts prohibited by the Act⁹ or this
26 chapter.

27 (b) Any act or omission by the registrant that would disqualify
28 the registrant from obtaining registration under this chapter. Any act
or omission by the licensee that would disqualify the licensee from
obtaining licensing under this chapter.

* * *

(f) The registrant or licensee concealed or refused to disclose
any material fact in any inquiry by the Bureau or the Commission.

⁹ "Act" refers to the "Gambling Control Act." (Bus. & Prof. Code, § 19800 et seq.)

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

n 12052, to the Office of the Attorney General, and to the Bur
following causes:

* * *

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

(f) The requester would be ineligible for a state gambling
license under any of the criteria set forth in Business and Professions
Code section 19859, subdivisions (b), (e), or (f).

* * *

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