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

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

CGCC Case No. CGCC-2020-0123-14  
BGC Case No. BGC-HQ2020-00019SL

15 **RONALD JOSEPH ZAMBRANO**  
16 [REDACTED]

**STATEMENT OF REASONS**

17  
18 **Respondent,**

19  
20  
21 Complainant alleges as follows:

22 **PARTIES**

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

26 2. On October 4, 2019, the Bureau received a renewal Application for Third-Party  
27 Proposition Player Services License for Supervisor, Player or Other Employee, dated September  
28 27, 2019 (Application), from Ronald Zambrano (Respondent) to allow for his employment as a

1 third-party proposition player (prop-player) for Knighted Ventures, LLC (Knighted Ventures), a  
2 registered third-party proposition player services provider, registration number TPPP-000109.<sup>1</sup>

3 3. Respondent has been employed as a prop-player by Knighted Ventures since August  
4 1, 2017. On or about January 11, 2018, the California Gambling Control Commission  
5 (Commission) issued Respondent a third-party player interim renewal license, number TPPL-  
6 020086, as a prop-player for this employment. Respondent's interim renewal license currently  
7 expires on January 31, 2022.

8 4. On or about December 13, 2019, the Bureau submitted a Third-Party Player  
9 Background Investigation Report (Report) to the Commission, in which it recommended that  
10 Respondent's Application be denied. On or about December 30, 2019, the Bureau submitted an  
11 addendum to its Report to the Commission, in which it recommended an additional ground for  
12 denial of Respondent's Application.

13 5. On or about January 23, 2020, the Commission referred consideration of  
14 Respondent's Application to an evidentiary hearing, which is to be held pursuant to California  
15 Code of Regulations, title 4, section 12060.<sup>2</sup>

16 6. On or about February 14, 2020, Respondent submitted a Notice of Defense.

17 **BURDEN OF PROOF**

18 7. Respondent has the burden of proving his qualifications to receive a license.  
19 (Bus. & Prof. Code, § 19856, subd. (a); Cal. Code. Regs., tit. 4, § 12060, subd. (i).)

20 **FIRST CAUSE FOR DENIAL**

21 **((Disqualification – Conviction of Crime of Moral Turpitude))**

22 8. Respondent's Application is subject to denial and his registration subject to  
23 revocation or cancellation in that on or about March 25, 2019, Respondent was convicted of

24 <sup>1</sup> Respondent was required to convert his registration to a license and submit an  
25 application for such licensure pursuant to California Code of Regulations, title 4, sections  
26 12205.1 and 12218 because Knighted Ventures was summoned, on February 01, 2013, to submit  
an application to convert its registration into a license.

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

1 violating Penal Code section 647, subdivision (b)(2), solicitation of prostitution, a misdemeanor  
2 and crime of moral turpitude,<sup>3</sup> in the case of *People v. Ronald Joseph Zambrano* (Super. Ct.  
3 Stanislaus County, 2019, No. CR-19-002704). Respondent’s criminal conviction occurred after  
4 submission of his Application, and he has not been provided relief from that criminal conviction  
5 pursuant to Penal Code sections 1203.4, 1203.4a, or 1203.45.

6 (Bus. & Prof. Code, §§ 19856, 19857, subs. (a) & (b), 19859, subs. (a) [mandatory denial] &  
7 (d) [mandatory denial]; Cal. Code. Regs., tit. 4, §§ 12200.18, subd. (b), 12218.11, subs. (c)  
8 [mandatory denial] & (e) [mandatory denial].)

9 **SECOND CAUSE FOR DENIAL**

10 **(Disqualified – Failure to Make Full and True Disclosure of Misdemeanor Conviction)**

11 9. Respondent’s Application is subject to denial in that Respondent failed to make a full  
12 and true disclosure to the Bureau about the role he played in orchestrating the events that led to  
13 his conviction identified in paragraph 8 above.

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

17 **PRAYER**

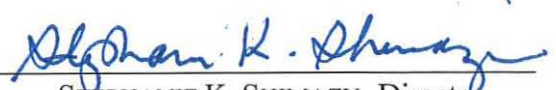
18 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,  
19 and that following the hearing the Commission issue a decision:

- 20 1. Denying Respondent’s Application for a third-party proposition player license;  
21 2. Revoking or cancelling Respondent’s third-party proposition player renewal license,  
22 number TPPL-020086; and  
23 3. Taking such other and further action as the Commission may deem appropriate.

24 <sup>3</sup> See *People v. Chandler* (1997) 56 Cal.App. 4th 703, 708-709 [“Prostitution is a crime of  
25 moral turpitude. [Citations].” “There is no meaningful distinction that would lead us to conclude  
26 that engaging in an act of prostitution is a crime of moral turpitude but that soliciting or agreeing  
27 to engage in an act of prostitution is not.” (*Rohit v. Holder* (9th Cir. 2012) 670 F.3d 1085, 1090  
28 [construing Penal Code section 647, subdivision (b)].) Following similar reasoning, the Tenth  
and Eighth Circuits have also recently found solicitation of prostitution to be a crime involving  
moral turpitude. (See *Gomez-Gutierrez v. Lynch* (8th Cir. 2016) 811 F.3d 1053, 1058-1059;  
*Florentino-Francisco v. Lynch* (10th Cir. 2015) 611 F. App’x 936, 938-939.)

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Dated: August 25, 2020

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



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 4. Business and Professions Code, section 19853, subdivision (a), provides, in part:

7 The commission, by regulation or order, may require that the  
8 following persons register with the commission, apply for a finding of  
9 suitability as defined in subdivision (i) of [Business and Professions  
Code, section] 19805, or apply for a gambling license:

10 \* \* \*

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

12 5. Business and Professions Code, section 19870 provides:

13 (a) The commission, after considering the recommendation of the  
14 chief<sup>5</sup> and any other testimony and written comments as may be  
15 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.

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

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

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

22 (e) A decision of the commission denying a license or approval,  
23 or imposing any condition or restriction on the grant of a license or  
24 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  
court finds that the action of the commission was arbitrary and  
capricious, or that the action exceeded the commission's jurisdiction.

27  
28 <sup>5</sup> "Chief" refers to the Director of the Bureau. (Bus. & Prof. Code, § 19805, subd. (d).)

1           6. Business and Professions Code, section 19871 provides:

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

5           (1) Oral evidence shall be taken only upon oath or  
6 affirmation.

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

8           (A) To call and examine witnesses.

9           (B) To introduce exhibits relevant to the issues  
10 of the case.

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

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

16           (E) To offer rebuttal evidence.

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

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

28           (b) Nothing in this section confers upon an applicant a right to  
discovery of the department's<sup>6</sup> 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.

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

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

(h.) <sup>6</sup> "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd.

1 the integrity of controlled gambling in this state . . . .

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

4 If the Commission elects to hold an evidentiary hearing, the  
5 hearing will be conducted as a GCA hearing under Section 12060,  
6 unless the Executive Director or the Commission determines the  
7 hearing should be conducted as an APA hearing under Section  
8 12058 . . . .

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

10 (a) If the Executive Director determines it is appropriate, he or he  
11 may set an application for consideration at a GCA hearing in advance  
12 of a meeting pursuant to Section 12054. The Executive Director shall  
13 give notice to the applicant, pursuant to paragraph (2) subsection (c) of  
14 Section 12052, to the Office of the Attorney General, and to the  
15 Bureau no later than 90 calendar days in advance of the GCA hearing.  
16 The Executive Director's determination will be based on information  
17 contained in the Bureau's report or other appropriate sources  
18 including, without limitation, a request from the Bureau or applicant  
19 as well as the Commission's operational considerations. The  
20 Commission retains the authority to refer the matter to an APA  
21 hearing pursuant to subsection (a) of Section 12056 or hear the matter  
22 at a Section 12054 meeting if the Commission deems it appropriate.

23 (b) When the Commission has elected to hold a GCA hearing, the  
24 Executive Director shall give notice to the applicant, pursuant to  
25 paragraph (2) subsection (c) of Section 12052, to the Office of the  
26 Attorney General, and to the Bureau no later than 60 calendar days in  
27 advance of the GCA hearing.

28 (c) The presiding officer shall have no communication with the  
Commission or Commission staff upon the merits, or upon  
information or documents related to the application prior to the  
evidentiary hearing. The Executive Director shall designate a  
presiding officer which shall be:

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

(2) An Administrative Law Judge.

(d) The applicant or the complainant, or the applicant and the  
complainant, may request a continuance in writing to the Executive  
Director stating the reason for the continuance and any proposed  
future hearing dates. The Executive Director or Commission may  
approve the request.

(e) The complainant shall provide to the applicant, at least 45  
calendar days prior to the GCA hearing, and the applicant shall  
provide to the complainant, at least 30 calendar days prior to the GCA



1 hearing, the following items.

2 (1) A list of potential witnesses with the general subject of  
3 the testimony of each witness;

4 (2) Copies of all documentary evidence intended to be  
5 introduced at the hearing and not previously provided;

6 (3) Reports or statements of parties and witnesses, if  
7 available; and

8 (4) All other written comments or writings containing  
9 relevant evidence.

10 (f) A presiding officer shall rule on the admissibility of evidence  
11 and on any objections raised except for objections raised under  
12 subsection (g). A ruling by the presiding officer shall be final.

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

20 (A) Evidentiary issues;

21 (B) Witness and exhibit lists;

22 (C) Alterations in the Bureau recommendation;

23 (D) Stipulation for undisputed facts including the  
24 admission of the Bureau's report; and

25 (E) Other issues that may be deemed appropriate to  
26 promote the orderly and prompt conduct of the hearing.

27 (2) The GCA hearing need not be conducted according to  
28 technical rules of evidence. Any relevant evidence may be  
considered, and is sufficient in itself to support findings if it is the  
sort of evidence on which reasonable persons are accustomed to  
rely in the conduct of serious affairs, regardless of the existence of  
any common law or statutory rule that might make improper the  
admission of that evidence over objection in a civil action.

(g) The Commission may, at any time upon a showing of  
prejudice by the objecting party:

(1) Prohibit the testimony of any witness or the introduction  
of any documentary evidence that has not been disclosed pursuant  
to subsection (e); or

(2) Continue any meeting or hearing as necessary to mitigate  
any prejudice.

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

6 (i) The burden of proof is on the applicant at all times to prove  
7 her, his, or its qualifications to receive any license or other approval  
8 under the Act.

8 (j) The applicant may choose to represent himself, herself, or  
9 itself, or may retain an attorney or lay representative.

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

15 (l) Oral evidence shall be taken upon oath or affirmation, which  
16 may be administered by the Executive Director, a member of the  
17 Commission, or the presiding officer, if an Administrative Law Judge.

17 (m) At the conclusion of the evidentiary hearing, the members of  
18 the Commission shall take the matter under submission, may discuss  
19 the matter in a closed session meeting, and may schedule future closed  
20 session meetings for deliberation.

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

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

24 11. California Code of Regulations, title 4, section 12218.1 provides:

25 After a primary owner is licensed, the summons previously issued to  
26 that primary owners by the Bureau shall be deemed to apply to all  
27 subsequent registrants who become affiliated with that primary owner  
28 subsequent to licensure.

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**SPECIFIC STATUTORY PROVISIONS**

12. Business and Professions Code section 19856 provides:

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

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

(c) In reviewing an application for any license, the commission shall consider whether issuance of the license is inimical to public health, safety, or welfare, and whether issuance of the license will undermine public trust that the gambling operations with respect to 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.

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

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

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

(b) Failure of the applicant to provide information, documentation, and assurances required by this chapter or requested 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.

1 \* \* \*

2 (d) Conviction of the applicant for any misdemeanor involving  
3 dishonesty or moral turpitude within the 10-year period immediately  
4 preceding the submission of the application unless the applicant has  
5 been granted relief pursuant to Penal Code section 1203.4, 1203.4a, or  
6 1203.45 of the Penal Code; provided, however, that the granting of  
7 relief pursuant to Section 1203.4, 1203.4a, or 1203.45 of the Penal  
8 Code shall not constitute a limitation on the discretion of the  
9 commission under Section 19856 or affect the applicant's burden  
10 under Section 19857.

11 15. Business and Professions Code, section 19866 provides:

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

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

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

22 \* \* \*

23 (b) Any act or omission by the registrant that would disqualify  
24 the registrant from obtaining registration under this chapter. Any act  
25 or omission by the licensee that would disqualify the licensee from  
26 obtaining licensing under this chapter.

27 \* \* \*

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

A requester shall be ineligible for licensing for any of the  
following causes:

\* \* \*

(c) The requester has, within the ten (10) year period immediately  
preceding the submission of the request to convert, been convicted of a  
misdemeanor involving a firearm or other deadly weapon, gaming or  
gaming-related activities prohibited by Chapter 9 (commencing with  
section 319) or Chapter 10 (commencing with section 330) of Title 9  
of Part 1 of the Penal Code, violations of the Act, or dishonesty or  
moral turpitude, unless the applicant has been granted relief pursuant  
to Penal Code section 1203.4, 1203.4a, or 1203.45, provided,  
however, that the granting of relief pursuant to Penal Code section

1 1203.4, 1203.4a, or 1203.45 shall not constitute a limitation on the  
2 discretion of the Commission.

3 \* \* \*

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

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

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