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**BEFORE THE
CALIFORNIA GAMBLING CONTROL COMMISSION
STATE OF CALIFORNIA**

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

MONICA ELAINE SERPA
[REDACTED]
[REDACTED]

Registration number TPPL-020266,

Respondent.

BGC Case No. BGC-HQ2019-00022SL
CGCC Case No. CGCC-2019-0613-6Civ

STATEMENT OF REASONS

1 Complainant alleges as follows:

2 **PARTIES**

3 1. Stephanie K. Shimazu (Complainant) brings this Statement of Reasons for Denial of
4 Application for a Third-Party Proposition Player Services License solely in her official capacity
5 as the Director of the California Department of Justice, Bureau of Gambling Control (Bureau).

6 2. On or about September 14, 2017, the California Gambling Control Commission
7 (Commission) issued third-party proposition player services registration, number TPPL-020266,
8 to Monica Elaine Serpa (Respondent) to allow for her employment as a third-party proposition
9 player for Blackstone Gaming, LLC, a registered third-party proposition player services provider,
10 registration number TPPP-000119.

11 3. On or about October 23, 2017, Respondent submitted an initial Application for Third-
12 Party Proposition Player Services License for Supervisor, Player or Other Employee, together
13 with a Level I Supplemental Information form (collectively, Application), to the Bureau.¹

14 4. On or about February 14, 2019, the Bureau submitted a Third-Party Player Initial
15 Background Investigation Report to the Commission recommending that Respondent's
16 Application be denied.

17 5. At its June 13, 2019 meeting, the Commission referred consideration of Respondent's
18 Application to an evidentiary hearing to be conducted pursuant to Business and Professions Code
19 sections 19870 and 19871, and California Code of Regulations, title 4, section 12056, subdivision
20 (a).²

21 6. On or about June 17, 2019, the Commission notified Respondent of the
22 Commission's decision to refer the matter to an evidentiary hearing. Included with that written
23 notice was a Notice of Defense form for Respondent to complete and return.

24 ¹ Respondent was required to convert her 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 Blackstone Gaming, LLC, was summoned on April 20, 2017, to
submit an application to convert its registration to a license. Respondent's Application was
signed with a date of September 13, 2017.

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

1 above. Further, in response to the Bureau's inquiry, Respondent failed and/or refused to
2 accurately and honestly disclose the circumstances regarding the two misdemeanor convictions
3 alleged in paragraph 9.

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

8 **PRAYER**

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

- 11 1. Denying Respondent's Application for Third-Party Proposition Player Services
12 License;
- 13 2. Cancelling or revoking Respondent's registration, number TPPL-020266; and
- 14 3. Taking such other and further action as the Commission may deem appropriate.

15
16 Dated: October 30, 2019


Stephanie K. Shimazu, Director
Bureau of Gambling Control
California Department of Justice

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

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

5 * * *

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

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

9 (a) The commission, after considering the recommendation of the chief^[4] and any
10 other testimony and written comments as may be presented at the meeting, or as may
11 have been submitted in writing to the commission prior to the meeting, may either
12 deny the application or grant a license to an applicant who it determines to be
13 qualified to hold the license.

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

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

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

21 (e) A decision of the commission denying a license or approval, or imposing any
22 condition or restriction on the grant of a license or approval may be reviewed by
23 petition pursuant to Section 1085 of the Code of Civil Procedure. Section 1094.5 of
24 the Code of Civil Procedure shall not apply to any judicial proceeding described in
25 the foregoing sentence, and the court may grant the petition only if the court finds that
26 the action of the commission was arbitrary and capricious, or that the action exceeded
27 the commission's jurisdiction.

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

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

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

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

(A) To call and examine witnesses.

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

(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.

⁴ "Chief" refers to the Director of the Bureau. (Bus. & Prof. Code, § 19805, subd. (d).)

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(E) To offer rebuttal evidence.

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

(4) The meeting need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence may be considered, and is sufficient in itself to support a finding, if it is the sort of evidence on which responsible 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.

(b) Nothing in this section confers upon an applicant a right to discovery of the department's⁵ 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. California Code of Regulations, title 4, section 12056, subdivision (a) provides, in part:

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

8. California Code of Regulations, title 4, section 12060 provides, in part:

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

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

⁵ "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd. (h).)

1 **SPECIFIC STATUTORY PROVISIONS**

2 9. Business and Professions Code section 19856 provides, in part:

3 (a) The burden of proving his or her qualifications to receive any license is on the
4 applicant.

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

8 10. Business and Professions Code, section 19857 provides:

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

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

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

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

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

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

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

26 (b) Failure of the applicant to provide information, documentation, and assurances
27 required by this chapter or requested by the chief, or failure of the applicant to reveal
28 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.

12. 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 gambling.

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

(a) Any regular registration issued in accordance with this chapter⁶ shall be

⁶ “Chapter” refers to California Code of Regulations, title 4, division 18, chapter 2.1, section 12200 et seq.

1 subject to cancellation pursuant to this section. A registration shall be cancelled if the
2 Commission determines after a noticed hearing that the registrant is ineligible for
3 registration, has failed in the application for registration to reveal any fact material to
4 the holder's qualification for registration, or has supplied information in the
5 registration application that is untrue or misleading as to a material fact pertaining to
6 the criteria for issuance of registration.

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

9 (1) Provide written notice to the registrant and the Bureau of the
10 cancellation of the registration and the grounds thereof, and provide written notice of
11 the cancellation to the owner, if the registrant is a supervisor, player, or other
12 employee and to any gambling establishment in which the registrant provides
13 proposition player services.

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

18 **THIRD-PARTY PROPOSITION PLAYER PROVISIONS**

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

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

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

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

16 16. California Code of Regulations, title 4, section 12200.7, subdivisions (b)(8) and
17 (b)(9), provide:

18 (b) . . .

19 * * *

20 (8) That proposition player services shall be provided in the gambling
21 establishment only in compliance with laws and regulations pertaining to controlled
22 gambling.

23 (9) That proposition player services may be provided only by authorized
24 players with current registration or licensing under this chapter.

25 17. California Code of Regulations, title 4, section 12200.18, subdivisions (a), (b), and
26 (f), provide:

27 The Commission may revoke a registration or license, upon any of the following
28 grounds, after a hearing conducted pursuant to the same procedures applicable to the

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revocation of a gambling establishment license:

(a) The registrant or licensee committed, attempted to commit, or conspired to commit any acts prohibited by the Act⁷ or this chapter.

(b) Any act or omission by the registrant that would disqualify 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.

18. 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:

* * *

(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.

⁷ “Act” refers to the “Gambling Control Act.” (Bus. & Prof. Code, § 19800 et seq.)