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9  
10 **BEFORE THE**  
**CALIFORNIA GAMBLING CONTROL COMMISSION**  
11  
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:

15 **TEAYNA MARIE STEPHENS**  
16 [REDACTED]

17  
18 **Respondent.**

**CGCC Case No. CGCC-GCADS-  
TPPL022818**

**BGC Case No. BGC-HQ2020-00012SL**

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20  
21 **STATEMENT OF REASONS**

22 Complainant alleges as follows:

23 **PARTIES**

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

26 2. On February 25, 2019, the Bureau received an Application for Third-Party  
27 Proposition Player Services License for Supervisor, Player or Other Employee, dated January 18,  
28

1 2019, and a Level I Supplemental Information, dated January 14, 2019 (collectively,  
2 Application), from Teayna Marie Stephens (Respondent) to allow for her employment as a third-  
3 party proposition player (prop-player) for PT Gaming, LLC (PT Gaming), a licensed third-party  
4 proposition player services provider, license number TPPP-000004.<sup>1</sup>

5 3. Respondent has been employed as a prop-player by PT Gaming since January 18,  
6 2019. On or about February 3, 2019, the California Gambling Control Commission  
7 (Commission) issued Respondent a registration, number TPPL-022818, as a prop-player for this  
8 employment. Respondent's registration currently expires on February 28, 2021.

9 4. On or about January 24, 2020, the Bureau submitted a Third-Party Player Background  
10 Investigation Report to the Commission, in which it recommended that Respondent's Application  
11 be denied.

12 5. On or about March 16, 2020, the Executive Director of the Commission referred  
13 consideration of Respondent's Application to an evidentiary hearing, which is to be held pursuant  
14 to California Code of Regulations, title 4, section 12060.<sup>2</sup>

15 6. On or about May 19, 2020, Respondent submitted a Notice of Defense.

16 **BURDEN OF PROOF**

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

19 **FIRST CAUSE FOR DENIAL**

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

21 8. Respondent's Application is subject to denial and her registration subject to  
22 revocation or cancellation in that on or about April 26, 2016, Respondent was convicted of  
23 violating Penal Code section 594, subdivision (a), vandalism, a misdemeanor and crime of moral

24 \_\_\_\_\_  
25 <sup>1</sup> Respondent is required to submit an application for such licensure pursuant to  
26 California Code of Regulations, title 4, section 12218.1 because PT Gaming (formerly known as,  
Gaming Management Group, LLC) is licensed as a primary owner.

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

1 turpitude,<sup>3</sup> in the case of *People v. Teayna Stephens* (Super. Ct. San Joaquin County, 2015, No.  
2 STK-CR-MI-2015-0012035). Respondent's criminal conviction occurred less than 10 years prior  
3 to the submission of her Application, and she has not been provided relief from that criminal  
4 conviction pursuant to Penal Code sections 1203.4, 1203.4a or 1203.45.  
5 (Bus. & Prof. Code, §§ 19856, 19857, subds. (a) & (b), 19859, subds. (a) [mandatory denial] &  
6 (c) [mandatory denial]; Cal. Code. Regs., tit. 4, §§ 12200.18, subd. (b), 12205, 12218.11, subds.  
7 (c) [mandatory denial] & (e) [mandatory 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 a third-party proposition player license;
- 12 2. Revoking or cancelling Respondent's registration, number TPPL-022818; and
- 13 3. Taking such other and further action as the Commission may deem appropriate.

14  
15 Dated: July 9, 2020

  
16 STEPHANIE K. SHIMAZU, Director  
17 Bureau of Gambling Control  
18 California Department of Justice  
19 Complainant

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27 <sup>3</sup> See *People v. Campbell* (1994) 23 Cal.App.4th 1488 [felony vandalism is a crime of  
28 moral turpitude.] The distinction between felony and misdemeanor vandalism arises from the  
amount of damage done, rather than from any difference in the mens rea. (Pen. Code, § 594.)

1 **APPENDIX A**  
2 **JURISDICTION**

- 3 1. Business and Professions Code section 19811, subdivision (b), provides:

4 Jurisdiction, including jurisdiction over operation and  
5 concentration, and supervision over gambling establishments in this  
6 state and over all persons or things having to do with the operation of  
7 gambling establishments is vested in the commission.

- 8 2. Business and Professions Code, section 19823 provides:

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

11 (1) Assuring that licenses, approvals, and permits are not  
12 issued to, or held by, unqualified or disqualified persons, or by  
13 persons are conducted in a manner that is inimical to the public  
14 health, safety, or welfare.

15 (2) Assuring that there is no material involvement,  
16 directly or indirectly, with a licensed gambling operation, or  
17 the ownership or management thereof, by unqualified or  
18 disqualified persons, or by persons whose operations are  
19 conducted in a manner that is inimical to the public health,  
20 safety, or welfare.

21 (b) For the purposes of this section, “unqualified person” means a  
22 person who is found to be unqualified pursuant to the criteria set forth  
23 in Section 19857, and “disqualified person” means a person who is  
24 found to be disqualified pursuant to the criteria set forth in Section  
25 19859.

- 26 3. Business and Professions Code, section 19824 provides, in part:

27 The commission shall have all powers necessary and proper to  
28 enable it fully and effectually to carry out the policies and purposes of  
this chapter,<sup>[4]</sup> including, without limitation, the power to do all of the  
following:

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

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<sup>4</sup> “Chapter” refers to Business and Professions Code, division 8, chapter 5 (commencing with section 19800), also known as the Gambling Control Act.

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  
presented at the meeting, or as may have been submitted in writing to  
15 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  
16 hold the license.

17 (b) When the commission grants an application for a license or  
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  
approval may be reviewed by petition pursuant to Section 1085 of the  
24 Code of Civil Procedure. Section 1094.5 of the Code of Civil  
Procedure shall not apply to any judicial proceeding described in the  
25 foregoing sentence, and the court may grant the petition only if the  
26 court finds that the action of the commission was arbitrary and  
capricious, or that the action exceeded the commission's jurisdiction.

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<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,

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

1 approvals, conditions, or limitations as it deems necessary to protect  
2 the integrity of controlled gambling in this state . . . .

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

5 If the Commission elects to hold an evidentiary hearing, the  
6 hearing will be conducted as a GCA hearing under Section 12060,  
7 unless the Executive Director or the Commission determines the  
8 hearing should be conducted as an APA hearing under Section  
9 12058 . . . .

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

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

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

(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

1 provide to the complainant, at least 30 calendar days prior to the GCA  
2 hearing, the following items.

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

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

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

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

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

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

21 (A) Evidentiary issues;

22 (B) Witness and exhibit lists;

23 (C) Alterations in the Bureau recommendation;

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

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

28 (2) The GCA hearing need not be conducted according to  
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



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

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

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

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

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

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

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

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

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

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

(a) Any regular registration issued in accordance with this  
chapter<sup>7</sup> shall be subject to cancellation pursuant to this section. A

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<sup>7</sup> "Chapter" refers to California Code of Regulations, title 4, division 18, chapter 2.1, section 12200 et seq.

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

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

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

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

21 12. California Code of Regulations, title 4, section 12218.1 provides:

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

### 26 **SPECIFIC STATUTORY PROVISIONS**

27 13. Business and Professions Code section 19856 provides:

28 (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.

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14. 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.

15. 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.

\* \* \*

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

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

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

\* \* \*

- (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.

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

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