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

13 **In the Matter of the Statement of Reasons**  
**for Denial of License Application:**  
14  
15 **STEPHEN PATRICK EVANS**  
**Registration No. TPSU-000534**  
16  
17   
18 **Respondent.**

BGC Case No. BGC-HQ2014-00016SL  
CGCC Case No: CGCC-2014-1023-11  
**STATEMENT OF REASONS**

19  
20 Complainant alleges as follows:

21 **PARTIES**

- 22 1. Wayne J. Quint, Jr. (Complainant) brings this Statement of Reasons for Denial of  
23 License Application solely in his official capacity as the Chief of the California Department of  
24 Justice, Bureau of Gambling Control (Bureau).  
25 2. Stephen Patrick Evans (Respondent) holds a registration as a third-party proposition  
26 player, registration number TPSU-000534. He is employed in that capacity by Premier Player  
27  
28

1 Providers, Inc. a licensed provider of third-party proposition player services. Respondent's  
2 registration as a third-party proposition player will expire on December 31, 2015.

3 3. On or about July 28, 2010, the Bureau received an Application for Third-Party  
4 Proposition Player Services License, submitted by Respondent to convert his registration as a  
5 third-party proposition player to a license.<sup>1</sup> Respondent also completed a Level II Supplemental  
6 Information package. The application and supplemental information package are collectively  
7 referred to as the Application.

8 4. The Bureau completed its Third-Party Provider of Proposition Player Services  
9 Background Investigation Report dated June 2014. As part of the investigation, the Bureau  
10 confirmed Respondent has: a criminal conviction, a negative credit history, an outstanding failure  
11 to pay, has participated in online sports betting and has failed to provide required information,  
12 including updating his current address. Further, Respondent failed to submit documentation  
13 requested by the Bureau to complete its background investigation.

14 5. At its October 23, 2014 meeting, the California Gambling Control Commission  
15 (Commission) referred the determination of Respondent's suitability for licensure to an  
16 evidentiary hearing.

17 6. On or about October 28, 2014, pursuant to California Code of Regulations, title 4,  
18 section 12050, subdivision (b), the Executive Director of the Commission set the matter for a  
19 hearing to be conducted pursuant to the provisions of Business and Professions Code sections  
20 19870 and 19871.

21 7. Respondent submitted a Notice of Defense dated March 4, 2015.

### 22 JURISDICTION

23 8. Business and Professions Code section 19811, subdivision (b), provides:

24 Jurisdiction, including jurisdiction over operation and  
25 concentration, and supervision over gambling establishments in this

26 <sup>1</sup> Respondent was required to submit a request to convert his registration as a third-party  
27 proposition player to a license pursuant to Business and Professions Code section 19984, and  
28 California Code of Regulations, title 4, sections 12205.1 and 12218. Respondent submitted his  
Request for Conversion dated January 17, 2010.

1 state and over all persons or things having to do with the operation of  
2 gambling establishments is vested in the commission.

3 9. Business and Professions Code section 19823 provides:

4 (a) The responsibilities of the commission include, without  
5 limitation, all of the following:

6 (1) Assuring that licenses, approvals, and permits  
7 are not issued to, or held by, unqualified or disqualified  
8 persons, or by persons whose operations are conducted in a  
9 manner that is inimical to the public health, safety, or  
10 welfare.

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

17 (b) For the purposes of this section, "unqualified person"  
18 means a person who is found to be unqualified pursuant to the  
19 criteria set forth in Section 19857, and "disqualified person" means a  
20 person who is found to be disqualified pursuant to the criteria set  
21 forth in Section 19859.

22 10. Business and Professions Code section 19824 provides in part:

23 The commission shall have all powers necessary and proper to  
24 enable it fully and effectually to carry out the policies and purposes of  
25 this chapter, including, without limitation, the power to do all of the  
26 following:

27 \* \* \*

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

\* \* \*

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

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

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

7 \* \* \*

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

10 12. Business and Professions Code section 19870 provides:

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

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

18 (c) When an application is denied, the commission shall prepare  
19 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 Procedure  
26 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.

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

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

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

10 Any regular registration [as a third-party proposition player] issued  
11 in accordance with this chapter<sup>2</sup> shall be subject to cancellation pursuant  
12 to this section. A registration shall be cancelled if the Commission  
13 determines after a noticed hearing that the registrant is ineligible for  
14 registration, has failed in an application for registration to reveal a fact  
15 material to the holder's qualification for registration, or has supplied  
16 information in the registration application that is untrue or misleading as  
17 to a material fact pertaining to the criteria for issuance of registration.

18 **SPECIFIC STATUTORY AND REGULATORY PROVISIONS**

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

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

22 16. Business and Professions Code section 19857 provides, in part:

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

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

27 (b) A person whose prior activities, criminal record, if any,  
28 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.

<sup>2</sup> "Chapter" refers to California Code of Regulations, title 4, division 18, chapter 2.1, section 12200 et seq.

1 17. Business and Professions Code section 19859 provides in part:

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

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

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

12 18. Business and Professions Code section 19866, provides:

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

17 19. California Code of Regulations, title 4, section 12004, provides in part:

18 A registrant or licensee shall report to the Bureau any change of  
19 contact information, . . . within ten days of that change . . . .

20 20. California Code of Regulations, title 4, section 12218.11, subdivisions (e) and (f)  
21 provides in part:

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

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

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

#### **FIRST CAUSE FOR DENIAL OF LICENSE APPLICATION**

##### **(Failure to Provide Information – Disqualification)**

21. Respondent's third-party proposition player Application is subject to denial pursuant  
to Business and Professions Code sections 19857 and/or 19859, subdivision (b), California Code  
of Regulations, title 4, sections 12218.11, subdivision (f), and 12004, in that the Applicant failed

1 to disclose material facts in his Application; failed to provide requested documentation; and, failed  
2 to notify the Bureau and Commission of his current contact information, as follows:

3 a. Respondent provided untrue or misleading information regarding his address in his  
4 Application;

5 b. Within his Request for Conversion of a Gambling Business Registration to a License  
6 form dated December of 2009, Respondent provided an address on Deepdale Way. On his  
7 Request for Conversion of a Third Party Proposition Player Services Registration to a License  
8 form dated January 2010, Respondent provided an address on Winding Brook Way. On his  
9 Application for Third-Party Proposition Player Services License dated January 2010, Respondent  
10 provided an address on Winding Brook Way. On his Level II Supplemental Information form  
11 dated April 2010, Respondent provided an address on Deepdale Way. The Bureau attempted to  
12 contact Respondent on numerous occasions and mail was returned as undeliverable. On October  
13 19, 2010, Respondent replied to the Bureau's inquiry regarding his current and correct address and  
14 Respondent stated that his address is on Valley View Parkway in El Dorado Hills and that he had  
15 not lived at the Winding Brook Way address in over two years;

16 c. Respondent failed to report his change of contact information to the Bureau and  
17 Commission. Respondent failed to provide information requested by the Bureau as part of the  
18 background investigation process. Specifically, during the course of the investigation, the Bureau  
19 requested that the Respondent provide an accurate residential and/or mailing address, but  
20 Respondent failed to do.

21 **SECOND CAUSE FOR DENIAL OF LICENSE APPLICATION**

22 **(Criminal history and Conduct – Unqualified)**

23 22. Respondent's third-party proposition player Application is subject to discretionary  
24 denial pursuant to Business and Professions Code, sections 19857, subdivisions (a) and/or (b), and  
25 California Code of Regulations, title 4, section 12218.11, subdivision (e), in that Respondent has a  
26 history of criminal conduct that demonstrates he lacks the requisite character, honesty and integrity  
27 necessary for licensure. Respondent's criminal history includes failures to appear, failure to pay a  
28 fine and multiple diving on a suspended license citations. Respondent's behavior shows a lack of

1 good character, honesty and integrity, and has shown a pattern and practice of flagrant disregard  
2 for the requirements of law and legal authority. Further, Respondent's prior activities, criminal  
3 record and habits would pose a threat to the public interest of this state, in that:

4 a. On or about February 21, 2008, Respondent was convicted of violating Vehicle Code  
5 sections 23152, subdivision (b) and 23578, driving with 0.08 percent or more of alcohol in his  
6 blood with an enhancement penalty for excessive blood alcohol or refusal to take chemical testing,  
7 a misdemeanor, in the case of *People v. Evans* (Super. Ct. Sacramento County, 2008, No.  
8 08T00713);

9 b. On or about February 3, 2010, Respondent was convicted of violating Vehicle Code  
10 sections 27315, subdivision (D), 14601.1, subdivision (A), and 40508, subdivision (A), those  
11 sections include, a seatbelt violation, driving on a suspended license, and a failure to appear, in the  
12 case of *People v. Evans* (Super. Ct. Sacramento County, 2008, No. 2008132284). The failure to  
13 appear was added following the citation date of June 10, 2008, in which Respondent failed to  
14 appear for his court ordered hearing. Additionally, Respondent still has an outstanding fine  
15 regarding this matter;

16 c. On or about February 3, 2010, Respondent was convicted of violating Vehicle Code  
17 sections 4000, subdivision (A), 14601.1, subdivision (A), and 16028, subdivision (a), those  
18 sections include, a violation for lack of registration, driving on a suspended license, and failing to  
19 provide evidence of financial responsibility, in the case of *People v. Evans* (Super. Ct. Sacramento  
20 County, 2009, No. 2009228706);

21 d. On or about May 10, 2010, Respondent was convicted of violating Vehicle Code  
22 sections 14601.5, and 40508, subdivision (A), those sections include, a violation for driving on a  
23 suspended license with knowledge of the suspension, and failure to appear, in the case of *People v.*  
24 *Evans* (Super. Ct. Sacramento County, 2010, No. 2010029087).

1 THIRD CAUSE FOR DENIAL OF LICENSE APPLICATION

2 (Lack of Good Character – Unqualified)

3 23. Respondent's third-party proposition player Application is subject to denial pursuant  
4 to Business and Professions Code section 19857, subdivisions (a) and/or (b), in that Respondent  
5 has demonstrated a history of conduct that lacks the requisite character, honesty and integrity  
6 necessary for licensure. Respondent's licensure would pose a threat to the public interest of this  
7 state, to the effective regulation and control of controlled gambling. Respondent has demonstrated  
8 a pattern and practice of flagrant disregard for the requirements of law and legal authority.  
9 Further, his licensure would create or enhance the dangers of unsuitable, unfair, or illegal practices  
10 and activities in the conduct of controlled gambling or in the carrying on of the business and  
11 financial arrangements incidental thereto, in that:

12 a. Respondent participated in on-line betting. Between the period of September 23,  
13 2008, and February 8, 2010, Respondent used a sports website to place bets on football and  
14 basketball games, placing these bets was unlawful under state law, constituting multiple violations  
15 of Penal Code section 337a, subdivision (a)(6).

16 b. Respondent has a poor credit profile, in that he has had numerous outstanding  
17 collection accounts including a delinquent loan account with the U.S. Department of Education.  
18 Respondent has had additional delinquent collection accounts against him that he did not bring  
19 current until the Bureau requested proof of the current status of such accounts.

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25 ///

PRAYER

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

1. Denying Respondent's Application for a Third-Party Proposition Player Services License;
2. Taking such other and further action as the Commission may deem appropriate.

Dated: July 27<sup>TH</sup>, 2015



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

**KAMALA D. HARRIS**  
Attorney General

CALIFORNIA GAMBLING  
CONTROL COMMISSION

State of California  
**DEPARTMENT OF JUSTICE**



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July 27, 2015

Pamela Mathauser, Administrative Hearings Coordinator  
California Gambling Control Commission  
2399 Gateway Oaks Boulevard, Suite 200  
Sacramento, CA 95833

RE: In the Matter of the Statement of Reasons Against:  
Stephen Patrick Evans

Dear Ms. Mathauser:

Enclosed please find for filing the Statement of Reasons in the above-referenced matter. Please file the enclosed Statement of Reasons in accordance with the Commission's usual filing procedures.

Please retain one file-stamped copy of the Statement of Reasons for your files and return the endorsed-filed original to me, for use by the Complainant in the administrative hearing proceedings.

The original Statement of Reasons, together with the other relevant case documentation, pursuant to the Gambling Control Act, will be returned to the Commission following the evidentiary hearing and issuance of the proposed decision in this matter.

If you have any questions regarding this matter, please do not hesitate to contact me at the number listed above. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Thorpe".

LINDA THORPE, Secretary to  
NEIL D. HOUSTON

For KAMALA D. HARRIS  
Attorney General

:lit  
Enclosure