The Commission is providing a copy of this pleading (Accusation, or Statement of Reasons, Statement of Particulars, or Statement of Issues) so the public is as informed as possible of pending administrative proceedings regarding the allegations contained in the pleading. An Accusation, Statement of Issues, Statement of Reasons, or Statement of Particulars is simply an allegation of facts that, if true, may rise to the level of disciplinary action against or denial of a license, registration, work permit, or finding of suitability. The facts contained in the pleadings should not be taken as established or proven. The licensee/applicant will have an opportunity to dispute the allegations in a formal administrative proceeding.

ROL COMMIS

RECEIVED

	В	y CGCC Legal Division at 4:14 pm, Apr 17, 2023			
1	ROB BONTA Attorney General of California				
2	Sara J. Drake				
3	Senior Assistant Attorney General T. MICHELLE LAIRD				
4	Supervising Deputy Attorney General NEIL D. HOUSTON				
5	Deputy Attorney General, SBN 168058 1300 I Street, Suite 125				
6	P.O. Box 944255 Sacramento, CA 94244-2550				
7	Telephone: (916) 210-7812 Fax: (916) 327-2319				
8	E-mail: Neil.Houston@doj.ca.gov Attorneys for Complainant				
	Autorneys for Complainant				
9	RFF	ORE THE			
10					
11	CALIFORNIA GAMBLING CONTROL COMMISSION				
12	STATE OF	CALIFORNIA			
13					
14	In the Matter of the Statement of Reasons for Denial of Application for Approval of Third-	BGC Case No. BGC-HQ2022-00017SL			
15	Party Proposition Player Services Supervisor License for:	CGCC Case No: CGCC-2022-0721-7C			
16					
17	MATTHEW PATRICK STEARNS	STATEMENT OF REASONS			
18		Hearing Date: June 1, 2023			
19	TP Supervisor License No. TPSU-001971	Hearing Time: 10:00 a.m. Hearing Place: 2399 Gateway Oaks, Ste. 100,			
20		Sacramento, CA 95833			
21	Respondent	This hearing will be conducted by means of video conferencing on Zoom. The Zoom			
22		meeting code is 285 757 8614			
23					
24	Complainant alleges as follows:				
25	PA	RTIES			
26	Yolanda Morrow (Complainant) bi	rings this Statement of Reasons solely in her			
27	official capacity as Director of the California Department of Justice, Bureau of Gambling Control				
28	(Bureau).	- -			
	· ·	1			
	STATEMENT OF REASONS (MATTHEW PATRICK STEARNS)			

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2. Matthew Patrick Stearns (Respondent) is an applicant for approval of a Third-Party Proposition Player Services (TPPPS) Supervisor License.

THE APPLICATION AND THIS PROCEEDING

- 3. On October 28, 2021, the Bureau received an initial application for a TPPPS Supervisor License for Respondent (Application) for Global Player Services, Inc. The Application included a Commission Key Employee or TPPPS Supervisor Supplemental Information form (CGCC-CH2-08 (New 05/20) (Supplemental Information Form). On October 22, 2021, the Bureau received an Appointment of Designated Agent form from Respondent identifying Lisa Rodrigues as Respondent's designated agent. Lisa Rodrigues had acknowledged this appointment on October 7, 2021. On October 28, 2021, Respondent was issued Temporary Third-Party Proposition Player Services Supervisor License Number TPSU-001971, which is valid through October 31, 2023.
- 4. The Bureau conducted an initial background investigation with respect to the Application. Respondent's Supplemental Information Form disclosed that Respondent had been convicted of violating Vehicle Code section 23153(a), driving under the influence of alcohol/drugs causing bodily injury, a misdemeanor, in Ventura County Superior Court Case Number 2013030003. On May 15, 2014, Respondent was placed on probation for a period of three years and was ordered to serve 10 days in jail and pay specified restitution to the victim. The court records appear to indicate that Respondent failed to comply with the terms of probation and that a Notice of Charged Violations of Probation and Declaration of Probably Cause was filed on January 20, 2015, but there is no indication that action was taken upon this notice, and, on December 22, 2016, the Probation Officer recommended that probation be terminated pursuant to Penal Code section 1203.3 and the conviction expunged pursuant to Penal Code section 1203.4. The Court granted Respondent's petition for relief under Penal Code section 1203.4 on March 2, $2017.^{1}$

Because this conviction has been dismissed pursuant to Penal Code section 1203.4, and this particular offense is not, per se, a misdemeanor involving moral turpitude, the Bureau is not asserting this conviction as a ground for denial under Business and Professions Code section 19859, subdivision (d).

- 5. Respondent's Supplemental Information Form also disclosed that Respondent had been removed or prohibited from entering the premises of a gambling establishment. Respondent stated that during the Pandemic, Respondent, with others, attempted to act as a "player/bank" at Commerce Casino, and was asked to leave and "to come back in 3 months." During the course of its investigation, the Bureau requested and received information from Commerce Casino concerning an incident that occurred at the Casino on May 18, 2021, involving an individual identified as Kawamoto who withdrew \$60,000 in chips from his player bank account and allegedly provided Respondent and one other individual with \$20,000 chips (each), after which Respondent and the other individual wagered at various tables in the Casino and were subsequently observed returning chips to Kawamoto. Respondent was identified from surveillance video and the Shift Manager advised that Respondent, Kawamoto, and the third individual were to be permanently barred when they returned to the Casino. Respondent returned to the Commerce Casino the next day, and was informed that he was barred from the Casino.
- 6. On December 12, 2021, Respondent responded to the Bureau's request for further information concerning matters disclosed in his Supplemental Information Form, and provided a statement concerning his misdemeanor conviction.
- 7. On January 14, 2022, Respondent responded to the Bureau's request for further information concerning the circumstances that led to Respondent being barred from the Commerce Casino. Respondent stated that he and a couple of friends decided to get some money together and attempt to bank Blackjack and Baccarat games at Commerce Casino. Respondent's statement is generally consistent with the information provided by Commerce Casino.
- 8. On May 31, 2022, representatives of Bureau met with Respondent and his Designated Agent, Lisa Rodrigues by telephone and informed them generally of the basis for the Bureau's recommendation to deny Respondent's application for licensure.
- 9. On May 31, 2022, the Bureau issued its Third Party Supervisor Initial Background Investigation Report recommending that Respondent's application be denied on the ground that Respondent had been convicted of a misdemeanor, had participated as an unlicensed TPPPS provider, and had been prohibited from entering a gambling establishment.

FIRST CAUSE FOR DENIAL

(Failure to Establish Qualification for Licensure)

15. As described in paragraphs 5, 7, and 10, above, on May 18, 2021, Respondent together with two other individuals engaged in providing third party proposition player services at Commerce Casino in violation of applicable provisions of the Gambling Control Act and regulations propounded thereunder. By acting in the manner described herein, Respondent has failed to establish that Respondent is a person of good character, honesty, and integrity, and has further failed to establish that Respondent's prior activities, criminal record, and habits do not pose a threat to the public interest of this state, or to the effective regulation and control of controlled gambling. The Application is therefore subject to discretionary denial under Business and Professions Code section 19857.

(Bus. & Prof. Code, §§ 19856, 19857, subds. (a) & (b), 19984; Cal. Code Regs., tit. 4, §12005.)

PRAYER

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

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

YOLANDA MORROW, Director

Bureau of Gambling Control California Department of Justice

Complainant

Dated: April 17, 2023

1		APPENDIX A
2		BUSINESS AND PROFESSIONS CODE
3	1.	Business and Professions Code section 19811, subdivision (b), provides:
4		Jurisdiction, including jurisdiction over operation and concentration, and supervision over gambling establishments in this
5 6		state and over all persons or things having to do with the operation of gambling establishments is vested in the commission.
7	2.	Business and Professions Code section 19823 provides:
8		(a) The responsibilities of the commission include, without limitation, all of the following:
9		(1) Assuring that licenses, approvals, and permits are not
10		issued to, or held by, unqualified or disqualified persons, or by persons are conducted in a manner that is inimical to the public
11		health, safety, or welfare.
12		(2) Assuring that there is no material involvement, directly or indirectly, with a licensed gambling operation, or
13		the ownership or management thereof, by unqualified or disqualified persons, or by persons whose operations are
14		conducted in a manner that is inimical to the public health, safety, or welfare.
15		(b) For the purposes of this section, "unqualified person" means
1617		a person who is found to be unqualified pursuant to the criteria set forth in Section 19857, and "disqualified person" means a person who is found to be disqualified pursuant to the criteria set forth in Section 19859.
18		19039.
19	3.	Business and Professions Code section 19824 provides, in part:
20		The commission shall have all powers necessary and proper to
21		enable it fully and effectually to carry out the policies and purposes of this chapter, ^[3] including, without limitation, the power to do all of the
22		following:
23		* * *
24		(b) For any cause deemed reasonable by the commission, deny any application for a license, permit, or approval provided for in this
25		chapter or regulations adopted pursuant to this chapter, limit, condition, or restrict any license, permit, or approval, or impose any
26		fine upon any person licensed or approved. The commission may condition, restrict, discipline, or take action against the license of an
27	3 66	*Chapter" refers to Business and Professions Code, division 8, chapter 5, (commencing
28	with section	on 19800), also known as the Gambling Control Act.
		6

	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.
	* * *
	(d) Take actions deemed to be reasonable to ensure that no ineligible, unqualified, disqualified, or unsuitable persons are associated with controlled gambling activities.
	associated with controlled gameling activities.
4.	Business and Professions Code section 19853, subdivision (a), provides in part:
	The commission, by regulation or order, may require that the following persons register with the commission, apply for a finding of
	suitability as defined in subdivision (i) of 19805, or apply for a gambling license:
	* * *
	(3) Any person who does business on the premises of a
	licensed gambling establishment.
5.	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 his or her qualifications to
	receive any license is on the applicant.
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1		13.	California Code of Regulations, title 4, section 12056, subdivision (a) provides, in
2	part:		
3			If the Commission elects to hold an evidentiary hearing, the hearing will be conducted as a GCA hearing under Section 12060,
5			unless the Executive Director or the Commission determines the hearing should be conducted as an APA hearing under Section 12058
6		14.	California Code of Regulations, title 4, section 12060, provides:
7			(a) If the Executive Director determines it is appropriate, he or she
8			may set an application for consideration at a GCA hearing in advance of a meeting pursuant to Section 12054. The Executive Director will give
9			notice to the applicant, pursuant to paragraph (2) subsection (c) of Section 12052, to the Office of the Attorney General, and to the Bureau
10			no later than 90 calendar days in advance of the GCA hearing. The Executive Director's determination will be based on information
11			contained in the Bureau's report or other appropriate sources including, without limitation, a request from the Bureau or applicant as well as the
12			Commission's operational considerations.
13			(b) When a GCA hearing is elected pursuant to Section 12056, subsection (a), the Executive Director will give notice to the applicant, pursuant to paragraph (2) subsection (c) of Section 12052, to the Office
14			of the Attorney General, and to the Bureau no later than 60 calendar days in advance of the GCA hearing.
15			
16			(c) An applicant may request that his, her, or its GCA hearing be held at a Southern California location instead of the Commission's principal office in Sacramento, by completing the appropriate section on
17 18			the Notice of Defense, CGCC-CH1-03 (Rev. 08/21). The request must be made on the initial Notice of Defense form submitted to the
			Commission and Bureau within the timeframes specified on the form.
19 20			(1) The Executive Director will approve a Southern California GCA hearing, if the request is timely made on the initial Notice of Defense form and meets all of the following criteria:
			_
21			(A) The GCA hearing is estimated by Commission staff to last no longer than four hours.
22			(B) The primary residence of the applicant is located in
23			one of the following counties: Imperial, Kern, Los Angeles, Orange, Riverside, San Diego, San Luis Obispo, San
24			Bernardino, Santa Barbara, or Ventura.
25			(C) A GCA hearing will be noticed for a Southern
26			California location only when it is in the best public interest, promotes judicial economy, and comports with the
27			Commission's availability.
28			(2) If at any time before the hearing, the Executive Director determines that the criteria in subparagraphs (A) through (C) of
			STATEMENT OF REASONS (MATTHEW PATRICK STEARNS)
	l		STATEMENT OF REASONS (MATTHEW TATRICK STEARINS)

1	paragraph (1) are no longer met, Commission staff may cancel the Southern California GCA hearing and issue a new notice for a
2	hearing at the Commission's principal office in Sacramento.
3 4	(d) The presiding officer and her or his support staff will have no communication with the Commission or Commission staff upon the merits of an application prior to the evidentiary hearing. The Executive
	Director will designate a presiding officer which will be:
5 6	(1) A member of the Commission's legal staff; or,
7	(2) An Administrative Law Judge.
8	(e) The applicant or the complainant, or the applicant and the
9	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
10	request. For a Southern California GCA hearing, if a continuance is granted, the hearing may be scheduled in Sacramento or Southern
11	California based on the criteria specified in subparagraphs (A) through (C) of paragraph (1) of subsection (c).
12	(f) The complainant will provide to the applicant, subject to
13	subsection (b) of Section 12056, at least 45 calendar days prior to the GCA hearing, and the applicant must provide to the complainant, at least 30 calendar days prior to the GCA hearing, the following items:
14	
15	(1) A list of potential witnesses with the general subject of the testimony of each witness;
16	(2) Copies of all documentary evidence intended to be introduced at the hearing and not previously provided;
17	(3) Reports or statement of parties and witnesses, if
18	available; and
19	(4) All other written comments or writing containing relevant evidence.
20	(g) A presiding officer will rule on the admissibility of evidence and
21	on any objections raised except for objections raised under subsection (h). A ruling by the presiding officer is final.
22	
23	(1) In advance of the GCA hearing, upon a motion of a party or by order of the presiding officer, the presiding officer may conduct a pre-hearing conference, either in person, via
24	teleconference, or by email exchange, subject to the presiding
25	officer's availability and will issue a pre-hearing order if appropriate or requested by either party. The pre-hearing conference and order may address the following.
26	(A) Evidentiary issues;
27	(B) Witness and exhibit lists;
28	(D) Williess and Camou lists,

regardless of which party first called the witness to testify; and to offer rebuttal evidence. If the applicant does not testify on his, her or its behalf, the applicant may be called and examined, under oath, as if under cross-examination. (m) Oral evidence will be taken upon oath or affirmation, which may be administered by the Executive Director, a member of the Commission, or the presiding officer if an Administrative Law Judge. (n) At the conclusion of the evidentiary hearing, the members of the Commission will take the matter under submission, may discuss the matter in a closed session meeting, and may schedule future closed session meetings for deliberation.

STATEMENT OF REASONS (MATTHEW PATRICK STEARNS)