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CALIFORNIA GAMBLING  
CONTROL COMMISSION

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

12  
13 **In the Matter of the Application for Initial**  
14 **Tribal-State Compact Key Employee**  
15 **Finding of Suitability Regarding:**

BGC Case No. BGC-HQ2015-00021SL

CGCC Case No. CGCC-2015-1022-9

**STATEMENT OF REASONS**

16 **WEI ZU**  
17 

Hearing Date: June 13, 2016  
Hearing Time: 10:00 a.m.

18 Respondent.

19 **PARTIES**

20 1. Wayne J. Quint, Jr., submits this Statement of Reasons solely in his official capacity  
21 as the Chief of the California Department of Justice, Bureau of Gambling Control (Bureau).

22 2. On March 4, 2014, the Bureau received an Application for Finding of Suitability—  
23 Tribal Key Employee (Application), submitted by Mr. Wei Zu (Respondent), to hold a key  
24 employee position with the Graton Resort and Casino that is owned and operated by the  
25 Federated Indians of Graton Rancheria).<sup>1</sup>

26 <sup>1</sup> Respondent was issued a key employee license by the Graton Gaming Commission  
27 (TGA) on February 11, 2014. The California Gambling Control Commission does not issue a  
28 license to Respondent but makes a finding of suitability because this gaming facility is owned and  
operated by the Federated Indians of Graton Rancheria pursuant to a tribal-state compact.

(continued...)



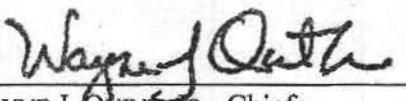
1 record, habits, and associations pose a threat to the public interest of this state, or to the effective  
2 regulation and control of controlled gambling, or create or enhance the dangers of unsuitable,  
3 unfair, or illegal practices, methods, and activities in the conduct of controlled gambling. On or  
4 about November 1, 2007, Respondent was convicted of violating Penal Code section 242, a  
5 battery, a misdemeanor, in the case of *People v. Wei Zu* (Super. Ct. S.F. City and County, 2007,  
6 No. 2338412). (Bus. & Prof. Code, §§ 19805, subd. (j), 19856 & 19857, subds. (a) & (b).)

7 **PRAYER**

8 WHEREFORE, Bureau Chief Wayne J. Quint, Jr., requests that following the hearing to be  
9 held on the matters herein alleged, the Commission issue a decision:

- 10 1. Denying the Application for Finding of Suitability—Tribal Key Employee, submitted  
11 by Mr. Wei Zu; and  
12 2. Taking such other and further action as the Commission may deem appropriate.

13  
14 Dated: March 23, 2016

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17 WAYNE J. QUINT, JR., Chief  
18 Bureau of Gambling Control  
19 California Department of Justice  
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1 **APPENDIX A – STATUTORY AND REGULATORY PROVISIONS**

2 **Jurisdiction**

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

4 Jurisdiction, including jurisdiction over operation and concentration,  
5 and supervision over gambling establishments in this state and over all  
6 persons or things having to do with the operations of gambling  
7 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 whose operations are conducted in a manner that is inimical  
14 to the public health, safety, or welfare.

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

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

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

26 The commission shall have all powers necessary and proper to  
27 enable it fully and effectually to carry out the policies and purposes  
28 of this chapter,<sup>5</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  
individual owner endorsed on the license certificate of the gambling

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

1 enterprise whether or not the commission takes action against the  
2 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  
6 associated with controlled gambling activities.

7 4. Business and Professions Code section 19854, provides, in part:

8 (a) Every key employee shall apply for and obtain a key  
9 employee license.

10 (b) No person may be issued a key employee license unless the  
11 person would qualify for a state gambling license. [6]

12 **Specific Statutory and Regulatory Provisions**

13 5. Business and Professions Code, section 19801 provides, in part:

14 (h) Public trust and confidence can only be maintained by strict  
15 comprehensive regulation of all persons, locations, practices,  
16 associations, and activities related to the operation of lawful  
17 gambling establishments and the manufacture and distribution of  
18 permissible gambling equipment.

19 (i) All gambling operations, all persons having a significant  
20 involvement in gambling operations, all establishments where  
21 gambling is conducted, and all manufacturers, sellers, and  
22 distributors of gambling equipment must be licensed and regulated  
23 to protect the public health, safety, and general welfare of the  
24 residents of this state as an exercise of the police powers of the  
25 state.

26 \* \* \*

27 (k) In order to effectuate state policy as declared herein, it is  
28 necessary that gambling establishments, activities, and equipment  
be licensed, that persons participating in those activities be licensed  
or registered, that certain transactions, events, and processes  
involving gambling establishments and owners of gambling  
establishments be subject to prior approval or permission, that  
unsuitable persons not be permitted to associate with gambling  
activities or gambling establishments . . . . Any license or permit

6 "State gambling license" is defined as any license issued by the state that authorizes the person named therein to conduct a gambling operation. (Bus. & Prof. Code, § 19805, subd. (p).)

1 issued, or other approval granted pursuant to this chapter, is  
2 declared to be a revocable privilege, and no holder acquires any  
vested right therein or thereunder.

3 6. Business and Professions Code section 19859 provides in part:

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

6 (d) Conviction of the Applicant for any misdemeanor  
7 involving dishonesty or moral turpitude within the 10-year period  
8 immediately preceding the submission of the application, unless the  
9 Applicant has been granted relief pursuant to Section 1203.4,  
10 1203.4a, or 1203.45 of the Penal Code; provided, however, that  
11 the granting of relief pursuant to Section 1203.4, 1203.4a, or  
12 1203.45 of the Penal Code shall not constitute a limitation on the  
13 discretion of the commission under Section 19856 or affect the  
14 Applicant's burden under Section 19857.

15 7. Business and Professions Code section 19857 provides:

16 No gambling license shall be issued unless, based on all of the  
17 information and documents submitted, the commission is satisfied  
18 that the Applicant is all of the following:

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

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

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

8. Business and Professions Code section 19856 provides:

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

9. Business and Professions Code section 19870 provides:

(a) The commission, after considering the recommendation of  
the chief and any other testimony and written comments as may be  
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.

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

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

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

8 (e) A decision of the commission denying a license or approval,  
9 or imposing any condition or restriction on the grant of a license or  
10 approval may be reviewed by petition pursuant to Section 1085 of  
11 the Code of Civil Procedure. Section 1094.5 of the Code of Civil  
12 Procedure shall not apply to any judicial proceeding described in  
13 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.

14 10. Business and Professions Code section 19805, subdivision (j) provides:

15 (j) "Finding of suitability" means a finding that a person meets  
16 the qualification criteria described in subdivisions (a) and (b) of  
17 Section 19857, and that the person would not be disqualified from  
18 holding a state gambling license on any of the grounds specified in  
Section 19859.

19 11. The Tribal-State Compact Between the State of California and The Federated Indians  
20 of Graton Rancheria, section 6.4.3., at pages 32-33, provides in part:

21 (a) Every Gaming Employee shall obtain, and thereafter  
22 maintain current, a valid tribal gaming license, and except as  
23 provided in subdivision (b), shall obtain, and thereafter maintain  
24 current, a State Gaming Agency determination of suitability, which  
25 license and determination shall be subject to biennial renewal;  
26 provided that in accordance with section 6.4.9, those persons may  
27 be employed on a temporary or conditional basis pending  
28 completion of the licensing process and the State Gaming Agency  
determination of suitability.

\* \* \*

1 (d) The Tribe shall not employ, or continue to employ, any  
2 person whose application to the State Gaming Agency for a  
3 determination of suitability or for a renewal of such a determination  
4 has been denied, or whose determination of suitability has expired  
5 without renewal.

6 12. The Tribal-State Compact Between the State of California and The Federated Indians  
7 of Graton Rancheria, section 6.5.6, at pages 46-50 , provides in part:

8 \* \* \*

9 (d) Investigation and disposition of applications for a  
10 determination of suitability shall be governed entirely by State law,  
11 and the State Gaming Agency shall determine whether the  
12 Applicant would be found suitable for licensure in a gambling  
13 establishment subject to the State Gaming Agency's jurisdiction.  
14 Additional information may be required by the State Gaming  
15 Agency to assist it in its background investigation, to the extent  
16 permitted under State law for licensure in a gambling establishment  
17 subject to the State Gaming Agency's jurisdiction.

18 \* \* \*

19 (g) Upon completion of the necessary background investigation  
20 or other verification of suitability, the State Gaming Agency shall  
21 issue a notice to the Tribal Gaming Agency certifying that the State  
22 has determined that the Applicant is suitable, or that the Applicant  
23 is unsuitable, for licensure in a Gaming Operation and, if  
24 unsuitable, stating the reasons therefore. Issuance of a  
25 determination of suitability does not preclude the State Gaming  
26 Agency from a subsequent determination based on newly  
27 discovered information that a person or entity is unsuitable for the  
28 purpose for which the person or entity is licensed. Upon receipt of  
notice that the State Gaming Agency has determined that a person  
or entity is or would be unsuitable for licensure, the Tribal Gaming  
Agency shall deny that person or entity a license and promptly  
revoke any tribal gaming license that has theretofore been issued to  
that person or entity; provided that the Tribal Gaming Agency may,  
in its discretion, reissue a tribal gaming license to the person or  
entity following entry of a final judgment reversing the  
determination of the State Gaming Agency in a proceeding in state  
court conducted pursuant to section 1085 of the California Code of  
Civil Procedure.

\* \* \*

(h) Prior to denying an application for a determination of  
suitability, or to issuing notice to the Tribal Gaming Agency that a

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person or entity previously determined to be suitable had been determined unsuitable for licensure, the State Gaming Agency shall notify the Tribal Gaming Agency and afford the Tribe an opportunity to be heard. If the State Gaming Agency denies an application for a determination of suitability, or issues notice that a person or entity previously determined suitable has been determined unsuitable for licensure, the State Gaming Agency shall provide that person or entity with written notice of all appeal rights available under state law.