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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).¹

26 ¹ 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...)

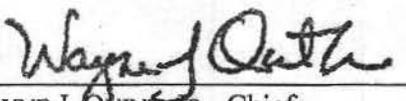
1 record, habits, and associations pose a threat to the public interest of this state, or to the effective
2 regulation and control of controlled gambling, or create or enhance the dangers of unsuitable,
3 unfair, or illegal practices, methods, and activities in the conduct of controlled gambling. On 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 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.