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8 **Chapter 10. Enforcement**

9 **12550. Grounds for Discipline of a State Gambling Licensee, Registrant, or**
10 **Work Permit holder; Disciplinary Guidelines.**

- 11 (a) Upon a finding of a violation of any law related to gambling or gambling
12 establishments, the Commission may:
- 13 (1) Revoke the license, registration, or work permit;
 - 14 (2) Suspend the license or registration;
 - 15 (3) Impose any penalty consistent with Business and Professions Code,
16 subdivision (c) of section 19930 or subdivision (b) of section 19943;
 - 17 (4) Impose any condition, limitation, or directive; or
 - 18 (5) Impose discipline by any combination of the above.
- 19 (b) Upon the filing of an accusation by the Division with the Commission
20 recommending revocation, suspension, or other disciplinary action of a State
21 Gambling Licensee, Registrant, or Work Permit holder:
- 22 (1) The Commission shall proceed under Chapter 5 (commencing with
23 Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.
 - 24 (2) Findings of fact shall be based upon a preponderance of the evidence
25 standard. The “preponderance of the evidence standard” is such
26 evidence as when considered and compared with that opposed to it, has
27 more convincing force, and produces a belief in the mind of the fact-finder
28 that what is sought to be proved is more likely true than not true.
 - 29 (3) A conviction within the meaning of this chapter means a plea or verdict of
30 guilty, an acceptance of a *nolo contendere* plea, or a conviction following a
31 plea of *nolo contendere*. An accusation may be filed when the time for
32 appeal has elapsed, or the judgment of conviction has been affirmed on
33 appeal, or when an order granting probation is made suspending the
34 imposition of sentence, irrespective of a subsequent order under the
35 provisions of Section 1203.4 of the Penal Code.
 - 36 (4) Any orders to pay the costs of investigation or prosecution of the case
37 shall be fixed pursuant to Business and Professions Code, section 19930,
38 subdivision (d).

- 1 (c) Pursuant to Business and Professions Code, section 19914, a work permit may
2 be subject to revocation by the Commission if the Commission finds that the
3 holder of the work permit has:
- 4 (1) Engaged in or committed a prohibited act specified in subsection (a) or
5 otherwise no longer meets any criterion for eligibility or qualification.
 - 6 (2) Engaged in any conduct prohibited by Business and Professions Code
7 section 19914.
 - 8 (3) Violated any previously imposed work permit condition, limitation or
9 directive previously imposed on the work permit.
 - 10 (4) Violated or is in violation of any Commission or Division regulations,
11 including those regulations regarding work permits in the California Code
12 of Regulations, title 4, division 18, chapter 2 (commencing with section
13 12100).
- 14 (d) A state gambling license or registration granted by the Commission may be
15 subject to a minimum discipline of suspension for **seven days of normal**
16 **business operation** and a maximum discipline of revocation if the Commission
17 finds that the holder of the license or registration has:
- 18 (1) Violated Business and Professions Code, section 19875 (failure to post
19 license),
 - 20 (2) Violated Business and Professions Code, section 19878 (contract with,
21 employment of, services provided by person(s) with denied, suspended, or
22 revoked license or registration),
 - 23 (3) Violated Business and Professions Code, section 19901 (agreements with
24 licensees),
 - 25 (4) Violated Business and Professions Code, section 19912 (failure to have
26 valid work permit),
 - 27 (5) Violated or is out of compliance with any mandatory duty specified in or
28 imposed by the Gambling Control Act or any Commission or Division
29 regulations, pursuant to Business and Professions code, section 19922,
 - 30 (6) Violated an ordinance of any city, county, or city and county, which
31 pertains to gambling or gambling-related activities, pursuant to Business
32 and Professions code, section 19923,
 - 33 (7) Violated Business and Professions Code, section 19924 (failure to
34 maintain security controls),
 - 35 (8) Violated Labor Code section 351,
 - 36 (9) Violated Labor Code section 450,
 - 37 (10) Misrepresented a material fact on an application or supplemental
38 application for licensure or registration,
 - 39 (11) Violated conditions, limitations, or directives imposed by the Commission,

- 1 (12) Violated California Code of Regulations, title 4, regarding gambling
2 businesses or third-party providers of proposition player services, except
3 for any provision regarding an annual fee,
- 4 (13) Violated California Code of Regulations, title 4, chapter 7, article 4
5 (commencing with section 12400), regarding accounting and financial
6 reporting,
- 7 (14) Violated California Code of Regulations, title 11, section 2050, subsection
8 (a) (failure to maintain licensee or key employee on premises),
- 9 (15) Violated California Code of Regulations, title 11, section 2052, (failure to
10 furnish information regarding employees),
- 11 (16) Violated California Code of Regulations, title 11, section 2070,
12 subsections (a) through (f) (unsuitable gaming activities), or
- 13 (17) Violated California Code of Regulations, title 11, section 2071, (failure to
14 have gaming activity authorized).
- 15 (e) A state gambling license or registration granted by the Commission may be
16 subject to a minimum discipline of suspension for **thirty days of normal**
17 **business operation** and a maximum discipline of revocation by the Commission
18 on any of the following grounds:
 - 19 (1) For committing perjury during an investigation by the Division, pursuant to
20 Business and Professions Code, section 19827,
 - 21 (2) For violating Business and Professions Code, section 19920 (unsuitable
22 methods of operation),
 - 23 (3) For violating Business and Professions Code, section 19921 (failure to
24 exclude persons under 21 from access to gambling areas),
 - 25 (4) Violated Business and Professions Code, section 19941 (failure to prohibit
26 persons under 21 from gambling, loitering, being employed in gambling
27 areas, or using fraudulent identification to gamble, loiter, or be employed),
 - 28 (5) For violating Business and Professions Code, section 19942 (willful failure
29 to report or pay license fee), or for violating California Code of
30 Regulations, title 4, regarding annual fees for gambling businesses or
31 third-party providers of proposition player services,
 - 32 (6) For interference with the performance of Commission or Division duties,
33 pursuant to Business and Professions Code, section 19944,
 - 34 (7) For violating Business and Professions Code, section 19850 (unlicensed
35 operation or person),
 - 36 (8) For not disclosing ownership, pursuant to Business and Professions Code,
37 sections 19850, 19851, 19853, 19854, 19855, or 19883,
 - 38 (9) For violating California Code of Regulations, title 11, section 2053,
39 subsection (b) (failure to maintain adequate financing for chips in use), or
40 subsection (c) (failure to maintain adequate financing for player banks),

- 1 (10) For conviction of a misdemeanor involving a firearm or other deadly
2 weapon,
- 3 (11) For committing an act prohibited by Chapter 9 (commencing with section
4 319) and Chapter 10 (commencing with section 330) of Title 9 of Part 1 of
5 the Penal Code, including operating a banked or percentage game (Penal
6 Code, section 330), possession of a slot machine (Penal Code, section
7 330b) or agreement for slot machine payout (Penal Code, section 330.1),
8 bookmaking (Penal Code, section 337), and cheating (Penal Code,
9 section 337x),
- 10 (12) For extortion (as that term is defined in Chapter 7 of Title 13 of Part 1 of
11 the Penal Code, commencing with section 518), or for permitting extortion
12 on the premises or in connection with cardroom activities, where
13 successive incidents of extortion over any continuous period of time shall
14 be deemed evidence of such permission,
- 15 (13) For loan-sharking (as that term is used in Civil Code section 1916-3,
16 subdivision (b)), or for permitting loan-sharking on the premises or in
17 connection with cardroom activities, where successive incidents of loan-
18 sharking over any continuous period of time shall be deemed evidence of
19 such permission,
- 20 (14) For permitting illegal sales or negotiations of illegal sales of controlled
21 substances (as that term is used in Chapter 1 (commencing with Section
22 11000) of Division 10 of the Health and Safety Code) or dangerous drugs
23 (as that term is used in Business and Professions Code, section 4022),
24 where successive sales, or negotiations for such sales, over any
25 continuous period of time shall be deemed evidence of such permission,
- 26 (15) For conducting or negotiating illegal sales of controlled substances (as
27 that term is used in Chapter 1 (commencing with Section 11000) of
28 Division 10 of the Health and Safety Code) or dangerous drugs (as that
29 term is used in Business and Professions Code, section 4022),
- 30 (16) For bribery (as that term is used in Penal Code section 67 or 67.5),
- 31 (17) For money laundering (as that term is used in Chapter 10 of Title 7 of Part
32 1 of the Penal Code, commencing with Section 186.9),
- 33 (18) For conviction of a crime involving fiscal dishonesty, including tax evasion
34 (26 U.S.C. § 7201),
- 35 (19) For conviction in any jurisdiction of any offense involving or relating to
36 gambling,
- 37 (20) For engaging in any dishonest, fraudulent, or unfairly deceptive activities
38 in connection with controlled gambling, or
- 39 (21) For engaging in any conduct on the premises of the gambling
40 establishment or in connection with controlled gambling which is inimical
41 to the health, welfare, or safety of the general public.

- 1 (f) A state gambling license, key employee license, or other license or registration
2 granted by the Commission shall be subject to **revocation** by the Commission on
3 any of the following grounds:
- 4 (1) For conviction of a felony or a crime of moral turpitude,
5 (2) If the Commission finds the holder of a license or registration to have
6 engaged in or committed a prohibited act specified in Business and
7 Professions Code section 19863,
8 (3) If the Commission finds the holder of a license or registration to no longer
9 meets any criteria for eligibility, qualification, suitability or continued operation,
10 including those set forth in Business and Professions code sections 19857,
11 19858, or 19880, as applicable,
12 (4) If the Commission finds the holder of a license or registration currently meets
13 any of the criteria for mandatory denial of an application set forth in Business
14 and Professions Code sections 19859 or 19860, or
15 (5) If the Commission finds that the holder of a license or registration has violated
16 any previously imposed or agreed upon condition, order, or directive on such
17 license.
- 18 (g) The Commission may consider the following factors in mitigation or aggravation
19 of the penalty imposed:
- 20 (1) Violation of any previously imposed or agreed upon condition, restriction or
21 directive.
22 (2) Disciplinary history of the licensee or registrant, repeated offenses of the
23 same or similar nature, and any other aggravating factors.
24 (3) The extent to which the licensee or registrant cooperated with the Division or
25 Commission during the investigation of the violation.
26 (4) The extent to which the licensee or registrant was honest with the Division or
27 Commission during the investigation of the violation.
28 (5) The extent to which the licensee or registrant is willing to reimburse or
29 otherwise make whole any member of the public or employee who has
30 suffered a loss due to the violation.
31 (6) The extent to which the licensee or registrant realized an economic gain from
32 the violation.
33 (7) If the violation was caused by an employee, the extent to which the licensee
34 or registrant knew or should have known of the employee's improper conduct;
35 the level of authority of the employee involved and the extent to which the
36 employee acted within the scope of his or her authority in committing the
37 violation.
38 (8) Any evidence offered by the licensee or registrant in mitigation of the
39 violation.

- 1 (h) The Commission may stay, in all or in part, the imposition of a revocation or
2 suspension against the holder of a license, registration, or work permit. The Division
3 may recommend to the Commission the holder pay a monetary penalty in lieu of all
4 or a portion of a suspension.
- 5 (i) All settlements of an Accusation shall be approved by the Commission. Any
6 settlement shall include a plan for immediate abatement of the violation, a plan for
7 immediate compliance with all statutory and regulatory requirements, an agreement
8 to the penalty imposed, and shall be a full and final settlement of the violation
9 including a full and complete waiver of all judicial or other review.
- 10 (j) Nothing in this Article is intended to limit the authority of the Commission or Division
11 to issue Emergency Orders pursuant to Business and Professions code 19931 or
12 Orders of Summary Suspension pursuant to Business and Professions code 19913.

13
14 Authority: Sections 19811, 19823, 19824, 19840, 19841, 19850, 19854, 19875, 19912, 19913,
15 19914, 19920, 19922, 19924, 19930, 19931 and 19971 of the Business and Professions
16 Code.

17 Reference: Sections 19844, 19852, 19857, 19858, 19859, 19862, 19863, 19870, 19875, 19878,
18 19880, 19913, 19914, 19920, 19922, 19923, 19924, 19930, 19931, 19941 and 19942 of
19 the Business and Professions Code.

20
21 **12552. Grounds for Issuance of Notice of Violation and Offer to Pay Penalties**
22 **in Lieu of the Formal Hearing Process.**

- 23 (a) Violation of law or violation of a previously imposed disciplinary condition may, in the
24 discretion of the Division, be the subject of a Notice of Violation issued to a licensee,
25 permit holder, or registrant. A Notice of Violation will specify the code section of the
26 law violated, facts concerning the circumstances of the violation, and the penalty to
27 be imposed, if not disputed pursuant to subsection (c). In the discretion of the
28 Division and with consideration given to the operational differences of large and
29 small establishments or type of license, permit, or registration, an Offer to Pay
30 Penalties in Lieu of the Formal Hearing Process may offer no less than \$500 and no
31 more than \$20,000 per instance of each code section violation.
- 32 (b) Notwithstanding the foregoing, for a violation of Business and Professions Code
33 Section 19943 (failure to comply with 19841, subsection (d)), the Offer to Pay
34 Penalties in Lieu of the Formal Hearing Process shall offer, in the discretion of the
35 Division, with consideration given to the operational differences of large and small
36 establishments, and pursuant to the guidelines established in Business and
37 Professions Code Section 11943, subdivision (b), no less than \$500 and no more
38 than \$100,000 per instance of each code section violation.
- 39 (c) If the licensee, registrant, or permit holder disputes the factual basis of the Notice of
40 Violation, the circumstances of the violation, or the amount of the penalty imposed,
41 the licensee, registrant, or permit holder shall state to the Division the facts in
42 dispute in writing within 15 days of service in compliance with California Code of
43 Civil Procedure section 415.10 or 415.20 of the Notice of Violation. Thereupon the

1 Division shall withdraw the Offer to Pay Penalties in Lieu of the Formal Hearing
2 Process and the Division may proceed with disciplinary action under section 12550
3 above.

4 (d) A copy of all Notices of Violation and Offers to Pay Penalties in Lieu of the Formal
5 Hearing Process shall be sent to the Commission when served upon a licensee. All
6 agreements to pay a penalty in full or settlement of an assessed penalty shall be
7 submitted by the Division for approval by the Commission at a noticed Commission
8 meeting. The Commission shall have final approval of all such payments or
9 settlements. Any payment in full or settlement of an assessed penalty shall include
10 a plan for immediate abatement of all violations and a plan for immediate
11 compliance with all statutory and regulatory requirements. If the Commission rejects
12 an agreement to pay a penalty in full or a settlement of an assessed penalty, and no
13 amended agreement or settlement is reached before two additional regularly noticed
14 Commission meetings have concluded or sixty days have elapsed, whichever is
15 later, then the Division shall proceed with disciplinary action under section 12550
16 above.

17 Authority: Sections 19811, 19823, 19824, 19840, 19841, 19850, 19854, 19912, 19920, 19930, and
18 19942 of the Business and Professions Code.

19 Reference: Sections 19824, 19840, and 19930 of the Business and Professions Code.

21 **12554. Precedential Decisions.**

22 The Executive Director or Commission may designate all or part of a decision or
23 adopted settlement agreement or Offer to Pay Penalties in Lieu of the Formal Hearing
24 Process as a precedent decision in accordance with Government Code section
25 11425.60.

27 Authority: Sections 19811, 19823, 19824, 19840, 19841, 19850, 19854, 19912, 19914, 19920,
28 19922, 19924, 19930, and 19971 of the Business and Professions Code.

29 Reference: Sections 19857, 19858, 19859, 19862, 19870, 19878, 19912, 19913, 19914, 19930, and
30 19931 of the Business and Professions Code. Section 11425.60 of the Government
31 Code.