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BEFORE THE
CALIFORNIA GAMBLING CONTROL COMMISSION

In the Matter of the Application for Renewal of
Gambling Establishment Key Employee
License Regarding:

NASEEM SALEM

Respondent.

BGC Case No. BGC-HQ2016-00011SL
CGCC Case No. GCADS-GEKE-001211

DECISION AND ORDER

Hearing Dates: November 15-17, 2021 and
January 12, 2022
Time: 9:00 a.m.

This matter was heard by the California Gambling Control Commission (Commission) pursuant to Business and Professions Code sections 19870 and 19871, and Title 4, California Code of Regulations (CCR) section 12060, in Sacramento, California, and held via Zoom video conference, on November 15, 16, and 17, 2021. The hearing was not completed on or before November 17, 2021. On or about November 23, 2021, the Commission sent a Notice of Additional Hearing Dates to the parties. The additional hearing dates were January 12, 13, 14, 26, and 27, 2022. The matter was heard and concluded on January 12, 2022.

Jeremy Stevens, Deputy Attorney General (DAG Stevens), and Bill Williams, Deputy Attorney General (DAG Williams), represented complainant Nathan Davalle, Acting Director of the Bureau of Gambling Control (Bureau), Department of Justice, State of California, throughout the evidentiary hearing.

Attorneys Dorn Bishop (Attorney Bishop) and Jarhett Blonien (Attorney Blonien) represented respondent Naseem Salem (Salem) on November 15, 16, and 17, 2021. Neither Salem, nor his attorneys, attended the hearing on January 12, 2022.

During the evidentiary hearing, Presiding Officer Kate Patterson took official notice of the Notice of Agenda, the Commission’s Conclusion of Prehearing Conference letter, the Commission’s Notice of Hearing and Prehearing Conference with attachments (A) Salem’s Application, and (B) the Bureau’s background investigation report, the Bureau’s Statement of Reasons and First Amended Statement of Reasons, and Salem’s signed Notice of Defense. On

1 January 12, 2022, Presiding Officer Kate Patterson took official notice of the Notice of
2 Additional Hearing Dates.

3 During the evidentiary hearing, Presiding Officer Kate Patterson accepted into evidence
4 the following exhibits offered by the Bureau pursuant to a stipulation between the parties:

- 5 (1) Jurisdictional Documents consisting of Statement of Reasons; Statement to
6 Respondent; copies of Business & Professions Code, §§ 19870 and 19871;
7 copy of California Code of Regulations, tit. 4, §12060; and Certificate of
8 Service by Certified Mail Service, dated September 29, 2021, Bates Nos.
9 Complainant 0001-0023;
- 10 (2) Respondent's Notice of Defense, dated October 11, 2016, Bates Nos.
11 Complainant 0024-0025;
- 12 (3) Bureau of Gambling Control Applications, Investigative Reports and
13 Miscellaneous Correspondence/E-mails:
- 14 (a) Department of Justice, Bureau of Gambling Control, Auditor's Report
15 of Findings, Routine Limited Review, Palomar Card Club, San Diego,
16 dated June 30, 2011, Bates Nos. Complainant 0026-0037;
- 17 (b) State of California, Application for Gambling Establishment Key
18 Employee License for Naseem Adel Salem, dated July 26, 2011, Bates
19 Nos. Complainant 0038-0039;
- 20 (c) State of California, Department of Justice, Bureau of Gambling
21 Control, Cardroom Key Employee Renewal Report, dated September
22 22, 2011, Bates Nos. Complainant 0040-0045;
- 23 (d) Decision and Order re: Matter of the Application for Renewal of Key
24 Employee Personal License for: Naseem Salem, dated September 5,
25 2013, Bates Nos. Complainant 0046-0057;
- 26 (e) State of California Application for Gambling Establishment Key
27 Employee License for Naseem Adel Salem, dated June 8, 2015, Bates
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Nos. Complainant 0058-0062;

(f) Frances Asuncion, Manager II, Bureau of Gambling Control letter to Katherine Ellis, Deputy Director of Licensing, CGCC re: Advising BGC is unable to submit finding due to Federal Indictment of Naseem Adel Salem, dated March 9, 2016, Bates No. Complainant 0063;

(g) Frances Asuncion, Manager II, Bureau of Gambling Control unsigned letter to Tina Littleton, Executive Director, CGCC re: Request for Interim Gambling License for Palomar Club, dated May 27, 2016, Bates Nos. Complainant 0064-0102;

(h) Jarhett Blonien letter to Jeanine Velasquez, DOJ/BGC re Condition Reporting re: Receipt of two checks over \$10,000, dated June 14, 2016, Bates No. Complainant 0103;

(i) Email exchange between Rochelle Knedel (BGC) to Perry McCiver, San Diego Police Department re: records, dated September 9, 2016, Bates Nos. Complainant 0104-0107;

(j) California Department of Justice Bureau of Gambling Control Cardroom Key Employee Renewal Background Investigation Report, Level III Naseem Adel Salem Palomar Card Club, dated September 2016, Bates Nos. Complainant 0108-0115; and

(k) Statement of Reasons for Denial of License Renewal re: Naseem Salem, Key Employee, Palomar Card Club, dated August 1, 2021, Bates Nos. Complainant 0116-0124;

(4) Notices/Correspondence to/from the California Gambling Control Commission:

(a) CGCC Licensing Division Memorandum re: Agenda Items #17E, Naseem Salem – Key Employee License Renewal, dated February 23, 2012, Bates Nos. Complainant 0125-0126;

- 1 (b) Kelly Lincoln, Licensing Analyst, CGCC letter to Naseem A. Salem re:
2 Approval of Renewal State Gambling License with Conditions, dated
3 October 4, 2013, Bates Nos. Complainant 0127-0129;
- 4 (c) Kelly Lincoln, Licensing Analyst, CGCC letter to Naseem A. Salem re:
5 Notification of Scheduled Commission Meeting, November 21, 2013,
6 dated November 8, 2013, Bates Nos. Complainant 0130-0131;
- 7 (d) CGCC Licensing Division Memorandum re: Agenda Items #7B,
8 Renewal Application for Key Employee License – Naseem Salem,
9 dated November 21, 2013, Bates Nos. Complainant 0132-0133;
- 10 (e) Kelly Lincoln, Licensing Analyst, CGCC letter to Naseem A. Salem re:
11 Approval of Application to Renew Key Employee License with
12 Conditions, dated November 22, 2013, Bates Nos. Complainant 0134-
13 0135;
- 14 (f) Accusation in re Palomar, et al., signed and dated October 7, 2015,
15 Bates Nos. Complainant 0136-0171;
- 16 (g) CGCC letter to Naseem Salem re Extension of Key Employee License
17 with conditions, dated November 19, 2015, Bates Nos. Complainant
18 0172-0173;
- 19 (h) CGCC Licensing Division Memorandum re: Agenda Items #9C,
20 Extension of Renewal Key Employee License Naseem Salem, dated
21 November 19, 2015, Bates Nos. Complainant 0174-0190;
- 22 (i) CGCC letter to Naseem Salem re: Notice of Scheduled Commission
23 Meeting April 14, 2016, dated April 1, 2016, Bates No. Complainant
24 0191;
- 25 (j) CGCC Licensing Division Memorandum re: Extension of Renewal
26 Key Employee License Naseem Salem, dated April 14, 2016, Bates
27 Nos. Complainant 0192-0195;
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- 1 (k) CGCC letter to Naseem Salem re: Extension of Key Employee License
- 2 with Conditions, dated April 19, 2016, Bates Nos. Complainant 0196-
- 3 0197;
- 4 (l) J Blonien letter to Stacey Luna Baxter, Executive Director, CGCC, re:
- 5 Objection to Condition E and Requests a Hearing, dated May 16, 2016,
- 6 Bates No. Complainant 0198;
- 7 (m) Amended Stipulated Settlement; Decision and Order in re: Palomar, et
- 8 al, signed and dated June 22, 2016, Bates Nos. Complainant 0199-
- 9 0213;
- 10 (n) CGCC letter re: Referral of Renewal Key Employee License
- 11 Application to an evidentiary hearing, dated October 5, 2016, Bates
- 12 Nos. Complainant 0214-0216; and
- 13 (o) CGCC letter to Katherine Ellis, Deputy Director of Licensing, CGCC
- 14 re: Request for 120-day Extension to Complete investigation re:
- 15 Naseem Adel Salem, dated October 15, 2016, Bates No. Complainant
- 16 0217;
- 17 (5) Grand Jury Indictment and Press Release:
- 18 (a) United States District Court, Southern District of California, June 2014
- 19 Grand Jury Indictment, Case No.: 15CR2932 GPC; dated November
- 20 20, 2015, Bates Nos. Complainant 0218-0235;
- 21 (b) Case Summary re: 3:15-cr-02932, dated September 6, 2016 and
- 22 Criminal Docket, Bates Nos. Complainant 0236-0248; and
- 23 (c) United States Department of Justice, Southern District of California
- 24 Press Release re: Twenty-Five People Charged as Members of \$10
- 25 Million Illegal Gambling and Money Laundering Operation, dated
- 26 December 9, 2015, Bates Nos. Complainant 0249-0253;
- 27 (6) Documents below were used *In the Matter of the Application for Renewal*
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of State Gambling License for: Palomar Card Club, a General Partnership, dba Palomar Card Club, Donald Staats Partner, Susan Staats Partner, CGCC Case No. CGCC-2012-0314-2:

- (a) Certified license history, dated December 22, 2015, Bates Nos. Complainant 0254-0261;
- (b) California Gambling Control Commission Decision and Order, dated September 5, 2013, Bates Nos. Complainant 0262-0274;
- (c) Accusation, dated October 7, 2015, Bates Nos. Complainant 0275-0288;
- (d) Notice of Defense, Bates Nos. Complainant 0289-0291;
- (e) Letter referring license renewal to evidentiary hearing, dated November 19, 2015, Bates Nos. Complainant 0292-0295;
- (f) Bureau of Gambling Control denial report, dated October 13, 2015, Bates Nos. Complainant 0296-0303;
- (g) Addendum to Bureau of Gambling Control denial report, dated November 9, 2015, Bates Nos. Complainant 0304-0305;
- (h) Application for renewal (Donald Staats), dated July 28, 2015, Bates Nos. Complainant 0306-0314;
- (i) Application for renewal (Susan Staats), dated July 28, 2015, Bates Nos. Complainant 0315-0322;
- (j) Application for renewal (Palomar Card Club), dated July 28, 2015, Bates Nos. Complainant 0323¹-0329;
- (k) Power of Attorney (Donald Staats), notarized June 27, 2013, Bates Nos. Complainant 0330-0336;
- (l) Power of Attorney (Susan Staats), notarized June 27, 2013, Bates Nos. Complainant 0337-0342;
- (m) Commercial Lease Agreement, signed July 28, 2015, Bates Nos.

¹ This is incorrectly listed as “0333” in the Bureau’s index of documents.

- 1 Complainant 0343-0348;
- 2 (n) Option Agreement, signed July 28, 2015, Bates Nos. Complainant
- 3 0349-0364;
- 4 (o) Email from R. Wagner, dated January 16, 2015, Bates No. Complainant
- 5 0365;
- 6 (p) Indictment, filed November 20, 2015, Bates Nos. Complainant 0366-
- 7 0383;
- 8 (q) Emergency Order, dated December 9, 2015, Bates Nos. Complainant
- 9 0384-0393;
- 10 (r) Letter from Hua Judy Chen, M.D., dated May 5, 2015, Bates No.
- 11 Complainant 0394;
- 12 (s) Letter from Vikki Lindberg, PNP, dated May 8, 2015, Bates No.
- 13 Complainant 0395;
- 14 (t) Memorandum from Michael Hoare, dated February 11, 2015, Bates
- 15 Nos. Complainant 0396-0398;
- 16 (u) Information and photos, Bates Nos. Complainant 0399-0409;
- 17 (v) Letter from Elijah Zuniga, dated March 22, 2015, Bates Nos.
- 18 Complainant 0410-0411;
- 19 (w) Letter from Elijah Zuniga, dated July 31, 2015, Bates Nos.
- 20 Complainant 0412-0413;
- 21 (x) Letter from Elijah Zuniga, dated October 18, 2015, Bates No.
- 22 Complainant 0414;
- 23 (y) Application for renewal (Naseem Salem), dated June 28, 2015, Bates
- 24 Nos. Complainant 0415-0417;
- 25 (z) Letter from Dorn Bishop, dated December 11, 2015, Bates Nos.
- 26 Complainant 0418-0444;
- 27 (aa) Memorandum from Rosio Wagner, dated February 5, 2015, Bates
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- 1 Nos. Complainant 0445-0446;
- 2 (bb) Report of Zuniga Interview, dated February 16, 2016, Bates Nos.
3 Complainant 0447-0453;
- 4 (cc) Sabrina Konja Declaration, dated February 16, 2016, Bates Nos.
5 Complainant 0454-0455;
- 6 (dd) Bureau of Gambling Control Investigation Report dated February
7 16, 2016, Bates Nos. Complainant 0456-0462;
- 8 (ee) Lorena Von Kaenel Interview Transcript, transcribed by CSR
9 Jackie A. Scheer [Audio attached as 0463-0619-AR], Bates Nos.
10 Complainant 0463-0619;
- 11 (ff) Zuniga Interview Transcript, dated February 2, 2016 [Audio attached as
12 0620-0671-AR], Bates Nos. Complainant 0620-0671;
- 13 (gg) Transcript of CGCC Hearing, dated August 28, 2013, Bates Nos.
14 Complainant 0672-0924;
- 15 (hh) Subpoena (Keith A. Sharp), dated February 7, 2016, Bates Nos.
16 Complainant 0925-0926;
- 17 (ii) Subpoena Response (Keith A. Sharp), dated February 26, 2016, Bates
18 Nos. 0927-0954;
- 19 (7) Palomar Club, Palomar Card Club's Federal/State Partnership Tax Returns,
20 and Financial Statements for Years 2012-2015, Bates Nos. Complainant
21 0955-0994;
- 22 (8) CGCC Notice of Hearing Without Attachments, dated 04/30/2021, Bates
23 Nos. Complainant 0995-0999;
- 24 (9) First Amended Statement of Reasons and Certificate of Service, dated
25 November 3, 2021, Bates Nos. Complainant 1000-1014;
- 26 (10) Accusation and Statement of Issues (Replacing Accusation filed October 8,
27 2015) in the Matter of Palomar Card Club, et al., BGC Case No.: BGC-
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- 1 HQ2015-00005AC, Bates Nos. Complainant 1015-1031;
- 2 (11) Deferred Entry of Judgment Agreement filed September 21, 2017, in the
- 3 U.S. Southern District Court of California matter *United States of America*
- 4 *v. Naseem Salem (24)*, Case No.: 15-CR-2932-H, Bates Nos. Complainant
- 5 1032-1037; and
- 6 (12) Table of Contents – LexisNexis SmartLinx Comprehensive Business
- 7 Report re Security First, Bates Nos. Complainant 1038-1049.

8 During the evidentiary hearing, on January 12, 2022, Presiding Officer Kate Patterson

9 accepted into evidence the following exhibit offered by the Bureau without objection from Salem:

- 10 (13) February 27, 2015 Memorandum from Adrienne Aldan, Auditor with the
- 11 Bureau’s Audits and Compact Compliance Section to Frances Asuncion,
- 12 Administrator II of the Bureau’s Licensing Section, Bates Nos.
- 13 Complainant 1050-1051.

14 During the evidentiary hearing, Presiding Officer Kate Patterson accepted into evidence the

15 following exhibits offered by Salem pursuant to a stipulation between the parties:

- 16 (1) Character Reference Letters on Behalf of Naseem Salem, Bates Nos. Salem
- 17 0001-0010;
- 18 (2) February 5, 2012 Letter from Keith Sharp to California Gambling Control
- 19 Commissioners, including exhibits, Bates Nos. Salem 0011-0474;
- 20 (3) Transcript of February 23, 2012 California Gambling Control Commission
- 21 Meeting Re License Applications of Palomar Card Club, Donald Staats and
- 22 Susan Staats, Naseem Salem, Adel Salem, and University Heights
- 23 Associates, Bates Nos. Salem 0475-0560;
- 24 (4) Transcript of March 12, 2012 California Gambling Control Commission
- 25 Meeting Re License Applications of Palomar Card Club, Donald Staats and
- 26 Susan Staats, Naseem Salem, Adel Salem, and University Heights
- 27 Associates, Bates Nos. Salem 0561-0603;
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- 1 (5) Parties' Stipulation of Facts and Law In Connection With August 28, 2013
2 Evidentiary Hearing Re License Applications of Palomar Card Club,
3 Donald Staats and Susan Staats, Naseem Salem, Adel Salem, and
4 University Heights Associates, Bates Nos. Salem 0604-0622;
- 5 (6) California Gambling Commission's September 5, 2013 Decisions and
6 Orders Approving License Applications of Palomar Card Club, Donald
7 Staats and Susan Staats, Naseem Salem, Adel Salem, and University
8 Heights Associates, Bates Nos. Salem 0623-0660;
- 9 (7) Signed Card to Mr. Salem from Staats Family Members, Bates No. Salem
10 0661;
- 11 (8) Palomar Card Club 2012-2014 Tax Returns and Related Information, Bates
12 Nos. Salem 0662-0839;
- 13 (9) March 15, 2015 Letter from Keith Sharp to Stacey Luna Baxter, California
14 Bureau of Gambling Control, Re Appointment of Lori Von Kaenel as
15 Proxy-Agent and Attaching Signed Power of Attorney, Bates Nos. Salem
16 0840-0853;
- 17 (10) April 9, 2015 Letter from Todd Nelson, California Bureau of Gambling
18 Control, to Lorena Elizabeth Von Kaenel re Receipt of Application for
19 State Gambling License, Bates Nos. Salem 0854-0855;
- 20 (11) July 30, 2015 Letter from Fred Castano, California Bureau of Gambling
21 Control, to Elijah Zuniga Re No Action Taken for Temporary State
22 Gambling License Requested by Lori Von Kaenel Ex. 18 – 2015 Palomar
23 Card Club Monthly Worksheets, Bates Nos. Salem 0856-0857;
- 24 (12) May 27, 2015 Letter from Frances Asuncion, California Bureau of
25 Gambling Control, to Tina Littleton, Executive Director, California
26 Gambling Control Commission, Re Temporary State Gambling License
27 Application of Lori Von Kaenel, Bates Nos. Salem 0858-0896;
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- 1 (13) Bureau of Gambling Control Report dated October 16, 2015
2 Recommending The California Gambling Control Commission Deny
3 Renewal of Palomar Card Club State Gambling License, Bates Nos. Salem
4 0897-0940;
- 5 (14) September 8, 2015 Email from Sabrina Konja, Assistant Manager, Palomar
6 Card Club, to Cate Diaz, California Bureau of Gambling Control, attaching
7 *inter alia* New Signed Palomar-University Heights Associates Commercial
8 Lease Submitted to Bureau on July 31, 2015, Bates Nos. Salem 0941-0948;
- 9 (15) Palomar Card Club Financial Statements for 2013 and 2014, Bates Nos.
10 Salem 0949-0994;
- 11 (16) July 29, 2015 to November 5, 2015 Emails Between Frances Asuncion,
12 Bureau of Gambling Control, and Keith Sharp, Attorney for Palomar Card
13 Club, Bates Nos. Salem 0995-0999;
- 14 (17) November 9, 2015 Bureau Addendum to the 2015 Denial Report for the
15 Palomar Card Club, Bates Nos. Salem 1000-1004;
- 16 (18) 2015 Palomar Card Club Monthly Worksheets Reflecting Amounts Paid to
17 Donald and Susan Staats, Bates Nos. Salem 1005-1015;
- 18 (19) August 26, 2020 Letter from Sarita Kedia Attaching October 25, 2017
19 Judgment and Order of Dismissal with Prejudice, Bates Nos. Salem 1016-
20 1017;
- 21 (20) Docket Sheets, Bates Nos. Salem 1018-1158;
- 22 (21) December 9, 2015 Bureau of Gambling Control Emergency Order, Bates
23 Nos. Salem 1159-1168;
- 24 (22) December 9, 2015 Court Order to Unseal Seizure Warrant Documents,
25 Bates Nos. Salem 1169-1174; and
- 26 (23) Commercial Lease Agreement signed June 1, 2005, Bates Nos. Salem
27 1175-1177.
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1 The record was closed and the matter was submitted on January 12, 2022.

2 FINDINGS OF FACT

3 **Procedural and License History**

4 1. On or about June 30, 2011, the Bureau issued an Auditor’s Report of Findings, based
5 on a limited financial evaluation, on Palomar Card Club (Palomar), a gambling establishment
6 located in San Diego. Palomar was owned as a General Partnership by Donald Staats and Susan
7 Staats (collectively, “the Staats” or “Owners”).

8 2. On or about August 1, 2011, the Commission received a renewal Application for
9 Gambling Establishment Key Employee License from Salem for license number GEKE-001211
10 to continue his employment at Palomar. On the application, Salem listed his job title as “general
11 manager” and a description of his job duties as “hire, fire, set policy, total authority.”

12 3. On or about September 22, 2011, the Bureau issued its Cardroom Key Employee
13 Renewal Report on Salem. In this report, the Bureau recommended that the Commission deny
14 Salem’s renewal application.

15 4. On or about February 23, 2012, the Commission referred the consideration of Palomar
16 Card Club General Partnership, Donald Staats and Susan Staats, general partners dba Palomar
17 Card Club’s renewal applications for state gambling licenses, Salem’s renewal application for
18 gambling establishment key employee license, and University Heights Associates, LLC’s initial
19 application for state gambling license to an evidentiary hearing, and ordered the three matters
20 consolidated for hearing.

21 5. On or about August 8, 2013, Stipulations of Fact and Law were submitted by the
22 parties in response to the following three consolidated matters: (1) Statement of Reasons for
23 Denial of License Renewals for Palomar Card Club General Partnership, Donald Staats and Susan
24 Staats general partners dba Palomar Card Club, in Case No. CGCC-2012-0314-2; (2) Statement
25 of Reasons for Denial of License Renewal Regarding Naseem Salem, Key Employee, in Case No.
26 CGCC-2012-0314-3; and (3) Statement of Reasons for Denial of License Application regarding
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1 University Heights Associates, LLC, Naseem Salem, Managing Member, Adel Salem,² Member,
2 in Case No. CGCC-2012-0314-4.

3 6. On or about August 28, 2013, the Commission heard the consolidated matters in Case
4 Nos. CGCC-2012-0314-2, CGCC-2012-0314-3, and CGCC-2012-0314-4.

5 7. On or about September 5, 2013, the Commission issued three Decisions and Orders
6 following the evidentiary hearing on the consideration of the consolidated matters in Case Nos.
7 CGCC-2012-0314-2, CGCC-2012-0314-3, and CGCC-2012-0314-4.

8 8. In the Commission's September 5, 2013 Decision and Order in Case No. CGCC-2012-
9 0314-2, the Commission made the following Factual Findings:

- 10 (1) That prior to November 2011, the Staats, as owners of Palomar, failed to provide
11 oversight of the gambling establishment operations, which allowed Naseem Salem,
12 the manager and key employee of Palomar, to conduct business transactions for his
13 non-gaming business in the gambling establishment; to use his position as
14 manager and key employee to require Palomar employees to aide in conducting
15 these transactions; and/or, to use his position as manager and key employee to use
16 Palomar's financial resources to conduct these transactions; and
- 17 (2) The Staats also failed to provide oversight of the gambling establishment's
18 operations, which allowed Naseem Salem to intertwine the function, operation,
19 and control of Palomar and ATS³ owned by Ablahad Salim, Naseem Salem's
20 uncle.

21 The Commission concluded that Palomar and the Staats allowed Salem to engage in conduct
22 which was not proper under the Gambling Control Act (Act) and the Commission's regulations,
23 and warranted the imposition of conditions which would alleviate any threat to the public interest
24 of this state and the effective regulation and control of controlled gambling. The conditions were
25 as follows:

- 26 (a) Palomar shall not extend credit to Naseem Salem, personally or through the use of any

27 ² Adel Salem is the father of Naseem Salem. University Heights Associates, LLC owns the building that
28 houses Palomar.

³ ATS was formerly the third-party provider of proposition player services at Palomar.

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agents, while Naseem Salem is employed at the cardroom. The Staats are to maintain control and supervision of the Palomar including, but not limited to, the following:

- i. The Staats and Palomar shall not allow Naseem Salem or any key employee to engage in cash transactions at the Palomar cardroom for businesses that are not directly related to the Palomar cardroom. This does not place any limit on the usage of checks or similar items not involving cash.
- ii. The Staats are required to approve the hiring and firing of all key employees and supervisors at the Palomar. This approval shall be documented in writing.
- iii. The Staats are required to approve the hiring and firing of all employees that are related to Naseem Salem, either by blood or marriage. This approval shall be documented in writing.
- iv. The Staats are required to approve all contracts with the Palomar exceeding \$10,000 or which have significant impact on the Palomar's operations. This approval shall be documented in writing.
- v. Ablahad Salim is not to be employed at the Palomar in any capacity and his services as a Third Party Provider, individually or through a business organization he owns and operates, shall also not be contracted for or provided at the cardroom.

(b) Palomar and the Staats shall hire a California licensed Certified Public Accountant [sic] (CPA) which shall be acceptable to the Bureau, in its sole discretion, to perform an independent audit of Palomar according to Generally Accepted Accounting Principles. This first audit must be completed within 180 days of the effective date of this decision and submitted to the Bureau for review. In addition, Palomar shall hire a CPA to conduct a second audit under the same standards as above, one year from the completion of the first audit, so that the Commission will have one full year of

1 Palomar’s operations for review upon the next renewal date of Palomar and the Staats’
2 license.

3 (c) Any new lease, modification of an old lease, or amendments or addendums to the
4 current lease between University Heights, LLC and the Palomar are to be approved by
5 the Commission in advance of the effective date of the lease.

6 (d) To the extent that the Staats are unable to comply with the conditions in subsection
7 (a), (b), or (c), due to the lack of capacity or otherwise, they shall continuously retain a
8 designated agent on file with the Commission and Bureau with authority to comply
9 with items i) and ii) below. The designated agent shall immediately:

- 10 i. Notify the Bureau of the inability of the Staats to comply with
11 conditions (a), (b), and (c) above; and,
- 12 ii. The designated agent, within 10 days of the Staats’ incapacity, shall
13 select someone as the Staats’ ‘proxy-agent’ for the supervision and
14 control of Palomar and such proxy-agent shall within 15 days of
15 assuming their position apply for a license as someone who has a
16 significant influence over the gambling operation as defined in
17 Business and Professions Code subdivision 19852(i).

18 9. In the Commission’s September 5, 2013 Decision and Order in Case No. CGCC-2012-
19 0314-3, the Commission made the following Factual Findings:

20 (1) That prior to November 2011, Salem conducted business transactions for his non-
21 gaming business in Palomar, used his position as manager and key employee to
22 require Palomar employees to aide in conducting these transactions, and/or used his
23 position as manager and key employee to use Palomar’s financial resources to conduct
24 these transactions; and

25 (2) That between or about March 1, 2006 and or about November 21, 2011, Salem
26 allowed the function, operation, and control of Palomar to intertwine with the third
27 party provider for Palomar, ATS.

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1 The Commission concluded that Salem engaged in conduct that was not proper under the Act and
2 Commission regulations, and warranted the imposition of conditions, which would alleviate any
3 threat to the public interest of this state and the effective regulation and control of controlled
4 gambling. The conditions were as follows:

5 (a) Naseem Salem shall not seek, personally or through the use of any agents, any
6 credit from Palomar.

7 (b) Naseem Salem, so long as he is employed at Palomar, is required to work for the
8 Staats in a manner such that the Staats are able to maintain control and supervision
9 of the Palomar including, but not limited to, the following:

10 i. Naseem Salem shall not engage in cash transactions, either directly
11 or indirectly through agents, at the Palomar cardroom for
12 businesses that are not directly related to the Palomar cardroom.
13 This does not place any limit on the usage of checks or similar
14 items not involving cash.

15 ii. Naseem Salem is required to secure the Staats' approval in advance
16 of the hiring and firing of all key employees and supervisors at the
17 Palomar. This approval shall be documented in writing.

18 iii. Naseem Salem is required to secure the Staats' approval in advance
19 of the hiring and firing of all employees that are related to Naseem
20 Salem, either by blood or marriage. This approval shall be
21 documented in writing.

22 iv. Naseem Salem is required to secure the Staats' approval in advance
23 of entering into any contracts involving the Palomar exceeding
24 \$10,000 or which have significant impact on the Palomar's
25 operations. This approval shall be documented in writing.

26 (c) To the extent that Naseem Salem is unable to work with the Staats under
27 subsection (b) due to the lack of capacity of the Staats or his inability to
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1 communicate with the Staats, Naseem Salem must immediately notify the Bureau
2 of his inability to comply with this condition.

3 10. In the Commission’s September 5, 2013 Decision and Order in Case No. CGCC-2012-
4 0314-4, the Commission approved the Initial State Gambling License for University Heights,
5 LLC with the following condition:

6 (a) Any new lease, modification of an old lease, or amendments or addendums to the
7 current lease between University Heights, LLC and the Palomar are to be approved
8 by the Commission in advance of the effective date of the lease. To the extent that
9 Salem and Adel Salem are unable to work with the Staats on the lease due to the
10 lack of capacity of the Staats or the Salems’ inability to communicate with the
11 Staats, University Heights must immediately notify the Bureau of its inability to
12 comply with this condition.

13 11. On or about November 21, 2013, the Commission approved Salem’s renewal
14 application for a personal key employee license through November 30, 2015 with the conditions
15 referenced above.

16 12. On or about July 22, 2015, the Bureau received a Renewal Application for Gambling
17 Establishment Key Employee License (Application)⁴ from Salem to continue his employment at
18 Palomar. On the Application, Salem listed his job title as “general manager” and a description of
19 his job duties as “total authority.”

20 13. On or about October 7, 2015, the Bureau filed an Accusation against Palomar and its
21 Owners in BGC Case No. HQ-2015-00005AC. In the Accusation, the Bureau alleged as follows:

22 (a) Prior to the August 28, 2013 hearing, the Staats executed a power of attorney
23 giving their daughter authority over Palomar, while she was not licensed and had not
24 applied for a license, and failed to disclose the existence and substance of the power of
25 attorney to the Commission and Bureau until 2015;

26 (b) The Staats lack mental capacity to oversee Palomar’s operations, exercise control,
27 and fulfill duties under the Gambling Control Act and ceded control to Lori Von

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⁴ Salem’s July 22, 2015 Application is the operative application in this matter.

1 Kaenel,⁵ who was not licensed;

2 (c) Palomar and the Staats violated their license condition requiring that any new
3 lease, modification of an old lease, or amendments or addendums to the current lease
4 between University Heights, LLC and the Palomar are to be approved by the
5 Commission in advance of the effective date of the lease;

6 (d) Palomar and the Staats violated their license condition requiring them to retain a
7 designated agent on file with the Commission and Bureau to notify the Bureau of the
8 inability of the Staats to comply with their license conditions and designate a “proxy-
9 agent” for the Staats for the supervision and control of Palomar who shall apply for a
10 license within 15 days of assuming their position.

11 In the Accusation, the Bureau requested that the Commission revoke Palomar and its Owners’
12 state gambling licenses.

13 14. On or about November 19, 2015, the Commission voted to refer the consideration of
14 Palomar and its Owners’ renewal applications for state gambling licenses to an evidentiary
15 hearing and issued interim renewal licenses with conditions.

16 15. On or about November 19, 2015, the Commission extended Salem’s key employee
17 license to April 30, 2016 with the same conditions that were previously placed on his license
18 pursuant to the Commission’s September 5, 2013 Decision and Order in Case No. CGCC-2012-
19 0314-3.

20 16. On or about December 9, 2015, the Bureau issued an Emergency Order against
21 Palomar and its Owners, requiring the suspension and ceasing of all gambling activities at the
22 Palomar and closing the gambling establishment. The Palomar has been closed since December 9,
23 2015.

24 17. On or about December 14, 2015, the Bureau sent an Accusation and Statement of
25 Issues against Palomar and the Staats via electronic mail and via the internal mail system of the
26 Office of Attorney General to Attorneys Bishop and Keith Sharp (Attorney Sharp). The
27 Commission received the Accusation and Statement of Issues from the Bureau on or about

28 ⁵ Lori Von Kaenel is the daughter of Donald and Susan Staats.

1 December 14, 2015. The Accusation and Statement of Issues replaced the October 7, 2015
2 Accusation. In the Accusation and Statement of Issues, the Bureau requested the revocation of the
3 state gambling licenses of Palomar and its Owners and the denial of their renewal applications.

4 18. On or about April 14, 2016, the Commission extended Salem's key employee license
5 for 120 days, continuing with the existing conditions and adding two additional conditions. Salem
6 requested an evidentiary hearing on the two new conditions.

7 19. On or about August 11, 2016, the Commission adopted an Amended Stipulated
8 Settlement *In the Matter of the Accusation and Statement of Issues Against: Palomar Card Club,*
9 *a general partnership dba Palomar Card Club, Donald Staats, Susan Staats, Case No. BGC-*
10 *HQ2015-00005AC.* Lori Von Kaenel (Von Kaenel), as Attorney-in-Fact, signed on behalf of the
11 Staats on or about June 22, 2016. Palomar and the Staats admitted to all of the factual and legal
12 allegations in the December 14, 2015 Accusation and Statement of Issues. Upon the effective date
13 of the Amended Stipulated Settlement, Palomar and the Staats' state gambling licenses were
14 revoked and each of their renewal applications were denied. The revocations and denials were
15 stayed for no longer than 24 months to allow for the potential sale of Palomar.

16 20. On or about September 15, 2016, the Commission received a Level III Cardroom Key
17 Employee Renewal Background Investigation Report on Salem from the Bureau. In this report,
18 the Bureau recommends that the Commission deny Salem's Application.

19 21. On or about October 5, 2016, Commission staff referred consideration of Salem's
20 Application to an evidentiary hearing to be held pursuant to CCR section 12060, and extended
21 Salem's key employee license until October 31, 2018 with the previously applied conditions.

22 22. On or about October 18, 2016, the Commission received a signed Notice of Defense
23 from Salem requesting an evidentiary hearing on the consideration of his Application.

24 23. On or about October 18, 2018, the Commission extended Salem's key employee
25 license until October 31, 2020 with the previously applied conditions.

26 24. On or about April 30, 2021, the Commission sent a Notice of Hearing, via e-mail, to
27 Attorney Blonien, DAG Stevens, and Deputy Attorney General Paras Modha (DAG Modha). The
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1 hearing was set for November 15, 16, and 17, 2021.

2 25. On or about September 28, 2021, the Bureau sent a Statement of Reasons to Attorney
3 Blonien via certified mail. The Commission received the Statement of Reasons from the Bureau
4 on or about September 28, 2021. In the Statement of Reasons, the Bureau requests that the
5 Commission deny Salem's Application.

6 26. On or about September 29, 2021, the noticed Prehearing Conference was held before
7 Presiding Officer Kate Patterson, Attorney III of the Commission. DAG Stevens attended on
8 behalf of the Bureau. Attorneys Bishop and Blonien attended on behalf of Salem, who also
9 attended.

10 27. On or about October 1, 2021, the Commission sent a Conclusion of Prehearing
11 Conference letter, via e-mail, to Attorneys Bishop and Blonien, and DAG Stevens.

12 28. On or about November 3, 2021, the Bureau sent a First Amended Statement of
13 Reasons to Attorneys Bishop and Blonien via e-mail and the internal mail system of the Office of
14 the Attorney General. The Commission received the First Amended Statement of Reasons from
15 the Bureau on or about November 3, 2021.

16 29. The Commission heard this matter via Zoom video conference on November 15, 16,
17 and 17, 2021, and January 12, 2022. Given that neither Salem, nor his attorneys, attended the
18 hearing on January 12, 2022, the Bureau completed its case and made closing arguments. The
19 hearing was concluded and the administrative record was closed on January 12, 2022.

20 **Federal Indictment Against Salem**

21 30. On or about November 20, 2015, the United States indicted Salem and 24 others in the
22 United States District Court, Southern District of California, Case No. 15CR2932-GPC. In the
23 indictment, the United States charged Salem with money laundering conspiracy, failure to
24 maintain a reasonably designed anti-money laundering program, and aiding and abetting.
25 Palomar's players bank accounts and business marker account, and Salem's player's bank
26 account at Palomar, were forfeited to the United States as part of the indictment.

27 31. On or about September 21, 2017, Salem entered into a Deferred Entry of Judgment
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1 with the United States for a period of one month.

2 32. On or about October 24, 2017, the United States dismissed the indictment against
3 Salem with prejudice.

4 **Statements by Salem During the Commission’s August 28, 2013 Evidentiary Hearing**

5 33. During the August 28, 2013 hearing before the Commission, Salem testified that he
6 purchased the building occupied by Palomar in 2005 with his father, Adel Salem. Salem testified
7 that after he and his father purchased the building occupied by Palomar, they increased the
8 monthly rent of Palomar. Salem became General Manager of Palomar in 2006. He testified that
9 Owners do not have a lot of involvement in the operation of Palomar and that he speaks with
10 them on the telephone at least once every ten days. They discuss business issues and changes to
11 cardroom operations. Salem testified that he advised Owners to expand Palomar and discussed
12 this expansion prior to his purchase of the building occupied by Palomar. The expansion was
13 mostly financed by Palomar. Salem testified that Elijah Zuniga (Zuniga) is an independent
14 consultant who helps Owners with compliance. Salem testified that his wife is a homemaker who
15 volunteers and that his father was a paid consultant to Palomar during construction to expand the
16 cardroom. Salem testified that ATS was owned by his uncle, Ablahad Salim. He testified that his
17 income from Palomar was \$600,000 per year. He testified that the income earned by Palomar
18 after expenses goes to Owners.

19 **Participation of Salem During This Evidentiary Hearing**

20 34. Salem did not testify, answer any questions from DAG Stevens or the Commissioners,
21 or have any witnesses testify on his behalf at any point during this evidentiary hearing.

22 **Lease Agreements Between Palomar and University Heights, LLC**

23 35. Sometime before June 1, 2005, University Heights, LLC (University Heights)
24 purchased the real property and building occupied by Palomar.

25 36. On or about June 1, 2005, Robert Cloper, a partner of Palomar until his death, entered
26 into a lease agreement on behalf of Palomar with University Heights for a monthly rent of
27 \$20,000 starting on October 1, 2007.
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1 37. On or about July 28, 2015, Palomar entered into a lease agreement with University
2 Heights for \$20,000 per month. During this time, Salem was a 50% owner of University Heights
3 and General Manager of Palomar. The lease agreement was signed by Von Kaenel as Attorney-
4 in-Fact for Owners and by Salem as Manager of University Heights. The lease contained an
5 effective date of August 1, 2015. The Commission did not approve the lease in advance of its
6 August 1, 2015 effective date.

7 38. On or about July 31, 2015, the Bureau received renewal Applications for State
8 Gambling Licenses from Palomar and its Owners. On the renewal applications, Palomar and its
9 Owners all checked the box marked “yes” to the question “Have there been any changes to the
10 terms of the gambling establishment’s lease or a change of landlord since last filing a State
11 Gambling License application?” On these applications, Salem was listed as “Authorized
12 Representative/Designated Agent.”

13 39. On or about July 31, 2015, the Bureau received a copy of the renewed commercial
14 lease between Palomar and University Heights.

15 40. On or about December 7, 2015, Salem, Owners, and Von Kaenel signed and submitted
16 to the Bureau an Agreement to Temporarily Suspend Operation of New Lease Agreement and
17 Option Agreement.

18 **Notification that Lori Von Kaenel was Proxy-Agent for the Staats**

19 41. On or about June 27, 2013, Donald Staats and Susan Staats each signed a Power of
20 Attorney naming their daughter, Lori Von Kaenel, as their agent with general authority to act on
21 their behalf, including over the operations of Palomar.

22 42. On March 19, 2015, Palomar’s Designated Agent, Attorney Sharp, wrote a letter to the
23 Bureau that Von Kaenel had been appointed as the Staats’ “proxy-agent” for the supervision and
24 control of Palomar.

25 43. On or about March 22, 2015, Zuniga submitted a letter to the Bureau with an
26 application for state gambling license for Von Kaenel and requested that she be granted an
27 interim gambling license. Zuniga states that he met with the Staats and stated that they have been
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1 “sick” for quite some time and desire to have Von Kaenel become much more involved with the
2 Palomar’s operation.

3 44. Between June 27, 2013 and March 19, 2015, Salem never notified the Bureau that Von
4 Kaenel had control over the Palomar’s operations.

5 45. Von Kaenel was never issued a state gambling license by the Commission.

6 **Statements by Von Kaenel During January 16, 2015 and January 20, 2015 Conversations**
7 **with Bureau Staff**

8 46. On or about January 16, 2015, Bureau staff had a telephone conversation with Von
9 Kaenel. According to the notes from Bureau staff, Von Kaenel stated that Owners were residing
10 in an assisted living place in Colorado. Von Kaenel stated that she has had a power of attorney for
11 Owners for over a year and a half. Von Kaenel also stated that her husband, Don Von Kaenel, is
12 the person who deals with the Palomar.

13 47. On or about January 20, 2015, Bureau staff and an agent with the Federal Bureau of
14 Investigation (FBI) traveled to Colorado to meet with Von Kaenel and her husband.

15 48. During the January 20, 2015 meeting, Von Kaenel stated that she does not know how
16 Salem got involved with the Palomar or became its General Manager. She stated that Owners
17 used to visit the Palomar in San Diego and that Donald Staats used to talk to Salem a lot. She said
18 that Salem mostly communicated about Palomar through telephone calls. She stated that she
19 speaks with Salem once or twice per month and that Salem told her to call him anytime. She
20 stated that Salem called her the same day that Palomar was raided and was very upfront and
21 honest about it. She stated that Salem told her not to worry about it. She stated that she told Salem
22 that Owners had made her their power-of-attorney and that she had been talking with Salem for
23 approximately a year and a half. She stated that Salem let her know what was going on with the
24 Palomar but did not provide heavy financial details. She stated that she did not get monthly
25 financial statements and never saw anything financial. She stated that Owners used to get \$25,000
26 per month from Salem on behalf of Palomar, in the form of two checks for \$10,000 and \$5,000 in
27 cash. She stated that she requested that Salem provide Owners with more money and that Salem
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1 told her that he had so many people he had to pay and that he could probably pay a couple of
2 thousand more but that finances at the Palomar were really tight. She stated that Salem increased
3 the payment to Owners to \$29,000 per month, in the form of two checks for \$12,000 and \$5,000
4 in cash. She stated that Salem wanted to give her \$1,000 per month for her help and that she did
5 not want the money after the first payment. Bureau staff told her that Salem was making
6 \$720,000 per year in salary, that he owned the company supplying the food to the Palomar, and
7 that the company providing security services at the Palomar was partially owned by his wife. Von
8 Kaenel stated that she did not know any of these things.

9 **Financial Status of the Palomar in 2013 and 2014**

10 49. In 2013, Palomar had gross receipts less returns of \$6,187,389 and ending assets of
11 \$1,243,437. In 2014, Palomar had gross receipts less returns of \$6,431,207 and ending assets of
12 \$1,202,954.

13 **Statements of Elijah Zuniga During February 2, 2016 Interview with Bureau Staff**

14 50. On or about February 2, 2016, Zuniga was interviewed by Bureau staff. Zuniga was a
15 consultant for Owners. During this interview, Zuniga stated that he worked for Owners and with
16 Von Kaenel. He stated that Owners did not know about Palomar's bank accounts, markers, credit,
17 how much is in the players' banks, and other operational matters. He stated that he believed
18 Salem was in charge of the Palomar. He stated that he told Von Kaenel that Salem was taking
19 advantage of Owners and that she should get licensed and get rid of Salem.

20 **Salem's Letters of Reference**

21 51. Salem submitted nine letters of reference in support of his Application as follows:

- 22 (a) On or about October 10, 2021, Bawai Soro (Soro), Bishop Emeritus of Mar
23 Addai of Toronto, wrote a letter of reference. In this letter, Soro states that he
24 has known Salem since 2009. Soro states that Salem is trustworthy and
25 dependable, that he helps the needy and poor, and that he is a compassionate
26 philanthropist. Soro described Salem as a distinguished member in the
27 Chaldean community in San Diego. Soro stated that Salem is known for his
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1 respectful conduct, intelligent behavior, and successful business career. Soro
2 also wrote a letter dated August 13, 2013 describing Salem as faithful, sincere,
3 generous, charitable, a decent man, and a good husband and father.

4 (b) On or about October 14, 2021, Noora Barka (Barka), Chairman of the
5 Chaldean American Family Foundation (CAFF), wrote a letter of reference. In
6 this letter, Barka states that CAFF has known Salem for a long time through
7 his charitable work. Barka states that Salem is very generous, helps the
8 community, is an active participant in charity events, and is a great asset to
9 CAFF.

10 (c) On or about October 24, 2011, Janice Martinelli (Martinelli), the President of
11 the National City Historical Society, wrote a letter of a reference. In this letter,
12 Martinelli states that she has known Salem since 2001 when Salem purchased
13 a local market and successfully renovated it, while providing employment for
14 28 members of the community. Martinelli states that Salem became one of the
15 most dedicated and caring business owners in National City. Martinelli states
16 that Salem has helped the local community by sponsoring events, the Police
17 Department, the Boy's and Girl's Club, and the Historical Society, and by
18 donating food for the hungry at holiday time. Martinelli describes Salem as a
19 fair and honest businessperson and a wonderful community member.

20 (d) On or about November 7, 2011, Brian Bilbray (Bilbray), Member of the
21 Congress of the United States, wrote a letter of reference. In this letter, Bilbray
22 states that he first became acquainted with Salem in his capacity as Chairman
23 of the California Independent Grocers & Convenience Stores Association.
24 Bilbray states that Salem has a clear understanding of the issues and the
25 cultures which promote a strong relationship between business owners and
26 government agencies. Bilbray states that Salem organized the first fundraiser in
27 support of the victims of 9-11 and organized blood drives. Bilbray described
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1 Salem as a distinguished leader of the Chaldean community.

2 (e) On or about October 25, 2011, Francisco Parra (Parra), the Director of
3 Emergency Services for National City, wrote a letter of reference. In this letter,
4 Parra states that Salem is a respected and trusted member of the National City
5 community. Parra states that he has known Salem for over 10 years and that
6 Salem is a dedicated and involved community member and a great supporter of
7 countless community programs such as the Boys and Girls Clubs of National
8 City and the Historical Society. Parra described Salem as a very compassionate
9 individual with good character, judgment, and integrity.

10 (f) On or about December 5, 2011, Ron Morrison (Morrison), the Mayor of
11 National City, wrote a letter of reference. In this letter, Morrison states that he
12 has known Salem since 2001 when Salem purchased a local market and
13 successfully renovated it. Morrison describes Salem as a good businessperson
14 with a clear vision. Morrison states that Salem became one of the most
15 dedicated and caring business owners in National City. Morrison states that
16 Salem sponsors Chamber Events, the Police Department, the Boys and Girls
17 Club and the Historical Society, and donates food for the hungry at holiday
18 time. Morrison states that Salem created more than 60 employment
19 opportunities and rehired most of the employees that lost their jobs. Morrison
20 described Salem as a fair and honest businessperson, and a wonderful
21 community leader. Morrison's letter contains language that is virtually
22 identical to Martinelli's letter.

23 (g) On or about January 27, 2012, Jerry Sanders (Sanders), the Mayor of San
24 Diego, wrote a letter of reference. In this letter, Sanders states that he met
25 Salem in 1998. Sanders described Salem as an established businessperson and
26 respected community leader. Sanders states that Salem donated to non-profit
27 organizations and helped bring the business community together to work
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1 proactively with law enforcement. Sanders states that Salem has vision and
2 leadership skills and has turned fledgling businesses into reputable
3 establishments.

4 (h) Mark Arabo (Arabo), the Chief Executive Officer and President of the
5 Neighborhood Market Association (NMA), a non-profit mutual benefit
6 corporation that represents the interests of more than 2000 independent
7 neighborhood markets and convenience stores, wrote a letter of reference. In
8 this letter, Arabo states that he has known Salem for 20 years socially and
9 professionally. Arabo describes Salem as an exemplary member of the San
10 Diego business community and a hardworking and professional business
11 leader. Arabo states that Salem is honest, has integrity, and is a loving husband
12 and father. Arabo states that Salem volunteered to serve as Chairman of the
13 Board of the NMA, is an active participant in the Toys for Tots Drive, and is
14 generous with time and money.

15 **Assessment of Salem's Suitability for Licensure**

16 52. Salem submitted nine letters of reference in support of his Application. These letters
17 relate to Salem's various businesses, his involvement in community and civic organizations, his
18 charitable interests and contributions, and his family relationships. The letters describe Salem as
19 trustworthy, dependable, family-oriented, well-respected, generous, charitable, and professional.
20 These letters of reference reflect positively on Salem's character. The relevance and reliability of
21 the letters of reference are somewhat diminished by the fact that two of the letters were submitted
22 by the same individual, only two of the nine letters were written in the last nine years, none of the
23 letters refer to his employment history at Palomar, and the letters written by Martinelli and
24 Morrison contain virtually identical language, which supports an impression that one letter was
25 copied from the other and minimally edited.

26 53. There are numerous areas of concern regarding Salem's suitability for licensure as
27 follows:
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- a. After attending the first three days of this evidentiary hearing, Salem failed to attend the fourth day of the hearing;
- b. Salem did not provide any testimony during the evidentiary hearing, and was not available to answer any questions from DAG Stevens or the Commissioners, including on all of the concerns referenced below;
- c. There was evidence that Salem did not comply with the condition on his license where as General Manager of Palomar he was required to work for the Staats in a manner such that the Staats were able to maintain control and supervision of the Palomar;
- d. There was evidence that Salem did not comply with the condition on University Heights' license that required any new lease, modification of an old lease, or amendments or addendums to the current lease between University Heights and the Palomar to be approved by the Commission in advance of the effective date of the lease;
- e. There was evidence that Salem failed to keep Owners and Von Kaenel adequately informed of the operations of Palomar;
- f. There was evidence that Salem failed to provide financial statements and details regarding the finances of Palomar to Owners and Von Kaenel;
- g. There was evidence that Salem intentionally misrepresented the financial status of Palomar to Von Kaenel in order to minimize the amount of payments made to Owners by the Palomar;
- h. There was evidence that Salem, on behalf of Palomar, contracted with businesses that he and/or his family members owned;
- i. There was evidence that Salem failed to notify the Bureau of the power of attorney signed by Owners that gave Von Kaenel, who was never licensed by the Commission, control over Palomar;
- j. There was evidence that Salem offered and/or provided compensation to Von

1 Kaenel, who was never licensed by the Commission; and
2 k. While the federal indictment against Salem was dismissed with prejudice,
3 Salem did not testify and provide additional detail regarding the circumstances
4 leading to and regarding the indictment.

5 These areas of concern raise questions about Salem’s character, honesty, and integrity; his ability
6 to participate in or be associated with controlled gambling; whether his prior activities as General
7 Manager of the Palomar pose a threat to the public interest of this state and to the effective
8 regulation and control of controlled gambling; and whether his prior activities as General
9 Manager of the Palomar create or enhance the dangers of unsuitable, unfair, or illegal practices,
10 methods, and activities in the conduct of controlled gambling or in the carrying on of the business
11 and financial arrangements incidental thereto.

12 *Salem Failed to Attend the Entire Evidentiary Hearing*

13 54. The burden of proving his or her qualifications to receive any license is on the
14 applicant. The Commission referred the consideration of Salem’s Application to an evidentiary
15 hearing because of its concerns regarding Salem’s suitability for licensure. Attendance at the
16 hearing is vital for an applicant to address the Commission’s concerns and meet their burden of
17 proving their suitability for licensure. Salem failed to meet his burden of proving his
18 qualifications for licensure by failing to attend the entirety of this hearing.

19 55. Salem’s failure to attend the entirety of this hearing also demonstrates a lack of
20 character and integrity, given that he requested a hearing and then showed a disinterest in proving
21 his suitability for licensure and meeting the obligations of a key employee licensee. Salem also
22 demonstrated a disregard for the licensure and evidentiary hearing process, including the time and
23 effort expended by Commissioners, Commission staff, the Bureau, and its representation to
24 schedule, prepare for, and attend the hearing.

25 *Salem Failed to Testify and Answer Questions During this Evidentiary Hearing*

26 56. Meaningful participation in the evidentiary hearing process, including providing
27 testimony and answering questions from the Bureau’s counsel and the Commissioners, is vital to
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1 provide the Commission with the information it needs to discharge its duties under the Act to
2 make an informed decision on an applicant's suitability for licensure and ensure that no
3 unqualified or disqualified individuals are involved in controlled gambling. An applicant who
4 does not testify or answer questions during an evidentiary hearing cannot meet their burden of
5 proving their suitability for licensure. As a result, Salem failed to meet his burden of proving his
6 qualifications for licensure by failing to testify and answer questions during this evidentiary
7 hearing.

8 57. Salem's failure to testify and answer questions during this evidentiary hearing also
9 demonstrates a lack of character and integrity, given his disinterest in proving his suitability for
10 licensure and meeting the obligations of a key employee licensee, and disregard for the licensure
11 and evidentiary hearing process.

12 *Salem Failed to Comply with License Condition*

13 58. The failure of a licensee to comply with license conditions is inimical to the public
14 interest of this state and to the effective regulation and control of controlled gambling. There was
15 a condition on Salem's key employee license that required Salem to work for the Staats in a
16 manner such that the Staats were able to maintain control and supervision of the Palomar. Salem
17 testified at a previous hearing before the Commission that Owners did not have a lot of
18 involvement in the operation of Palomar. In an interview with Bureau staff, Von Kaenel stated
19 that Salem did not provide any financial details or statements. In an interview with Bureau staff,
20 Zuniga stated that Owners did not know about Palomar's bank accounts, markers, credit, how
21 much is in the players' banks, and other operational matters.

22 59. Salem's failure, particularly as a key employee and General Manager with "total
23 authority" over the Palomar, to provide any financial information, and to have provided only
24 limited operational information, of the Palomar to its Owners made it impossible for Owners to
25 maintain control and supervision of the Palomar. Further, Salem did not testify or answer any
26 questions regarding the above facts and any efforts he made to comply with that license
27 condition. As a result, Salem violated the condition on his key employee license that required him
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1 to work for the Staats in a manner such that the Staats were able to maintain control and
2 supervision of the Palomar. Salem's actions in violating the condition on his key employee
3 license regarding the essential function of the Palomar are inimical to the public interest of this
4 state and to the regulation and control of controlled gambling. Further, Salem's violation of the
5 condition on his key employee license demonstrates a lack of fitness to participate in or be
6 associated with controlled gambling.

7 *Salem Failed to Comply with Condition on University Heights' License*

8 60. Salem failed to comply with the condition on University Heights' license that required
9 any new lease, modification of an old lease, or amendments or addendums to the current lease
10 between University Heights and the Palomar to be approved by the Commission in advance of the
11 effective date of the lease. The lease was never approved by the Commission in advance of the
12 August 1, 2015 effective date. There was no deliberate attempt to conceal the existence of the
13 new lease given that the Bureau had received a copy of the lease on or about July 31, 2015, and
14 the renewal applications for state gambling licenses for Palomar and its Owners noted that there
15 were changes to the terms of the Palomar's lease agreement with University Heights. The new
16 lease amount was also the same as the previous lease. As a result, the failure of Salem to comply
17 with this condition does not call into question his character or integrity. However, the failure to
18 comply with license conditions is inimical to the public interest of this state and to the effective
19 regulation and control of controlled gambling, and calls into question Salem's fitness to
20 participate in and be associated with controlled gambling.

21 *Salem Failed to Keep Owners and Von Kaenel Adequately Informed of the Operations of*
22 *Palomar*

23 61. As the Palomar's General Manager with "total authority," Salem had the ability and
24 duty to keep Owners and Von Kaenel adequately informed of the operations of Palomar. Salem
25 testified at a previous hearing before the Commission that Owners did not have a lot of
26 involvement in the operation of Palomar. In an interview with Bureau staff, Von Kaenel stated
27 that Salem did not provide any financial details or statements. In an interview with Bureau staff,
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1 Zuniga stated that Owners did not know about Palomar's bank accounts, markers, credit, how
2 much is in the players' banks, and other operational matters. As a result, Salem failed to
3 adequately discharge his duties and meet his responsibility as a key employee and General
4 Manager with "total authority" over the Palomar by failing to provide any financial information,
5 and providing only limited operational information, of the Palomar to its Owners and Von
6 Kaenel. Further, Salem did not testify or answer any questions regarding the above facts and any
7 efforts he made to keep Owners and Von Kaenel adequately informed of the operations of the
8 Palomar. Salem's failure to keep Owners and Von Kaenel adequately informed of the operations
9 of Palomar are inimical to the public interest of this state and to the regulation and control of
10 controlled gambling. Salem's failure also demonstrates a lack of fitness to participate in or be
11 associated with controlled gambling.

12 *Salem Failed to Provide Financial Statements and Information Regarding Palomar to Owners*
13 *and Von Kaenel*

14 62. As the Palomar's General Manager with "total authority," Salem had the ability and
15 duty to provide financial statements and information regarding the Palomar to Owners and Von
16 Kaenel. In an interview with Bureau staff, Von Kaenel stated that Salem did not provide any
17 financial details or statements. In an interview with Bureau staff, Zuniga stated that Owners did
18 not know about Palomar's bank accounts, markers, credit, how much is in the players' banks, and
19 other operational matters. Salem failed to adequately discharge his duties and meet his
20 responsibility as a key employee and General Manager with "total authority" over the Palomar by
21 failing to provide any financial statements or information regarding the Palomar to its Owners
22 and Von Kaenel. The failure to provide financial statements and information also calls into
23 question Salem's honesty and integrity because Salem could engage in and conceal improper
24 financial conduct. Further, Salem did not testify or answer any questions regarding the above
25 facts and any efforts he made to provide financial statements and information to Owners and Von
26 Kaenel. As a result, Salem's failure to provide financial statements and information to Owners
27 and Von Kaenel is inimical to the public interest of this state and to the regulation and control of
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1 controlled gambling. Salem's failure also demonstrates a lack of fitness to participate in or be
2 associated with controlled gambling.

3 *Salem Intentionally Misrepresented the Financial Status of Palomar to Von Kaenel*

4 63. The intentional misrepresentation of the financial status of a cardroom in order to
5 minimize the amount of payments to its owners would demonstrate a lack of good character,
6 honesty, and integrity. In 2013, Salem testified during an evidentiary hearing before the
7 Commission that his income from the Palomar was \$600,000 per year. He also testified that the
8 income earned by Palomar after expenses goes to Owners. In 2013, Palomar had gross receipts
9 less returns of \$6,187,389 and ending assets of \$1,243,437. In 2014, Palomar had gross receipts
10 less returns of \$6,431,207 and ending assets of \$1,202,954.

11 64. Von Kaenel stated that Owners used to get \$25,000 per month from Salem on behalf
12 of Palomar, in the form of two checks for \$10,000 and \$5,000 in cash. She stated that she
13 requested that Salem provide Owners with more money and that Salem told her that he had so
14 many people he had to pay and that he could probably pay a couple of thousand more but that
15 finances at the Palomar were really tight. Von Kaenel could not verify the financial status of the
16 Palomar because she never received monthly financial statements or anything financial from
17 Salem. She stated that Salem increased the payments to Owners to \$29,000 per month, in the
18 form of two checks for \$12,000 and \$5,000 in cash. Bureau staff told Von Kaenel that Salem was
19 earning \$720,000 per year in salary from Palomar.

20 65. Salem's statement that Palomar could only pay a couple of thousand more to Owners
21 and that the finances at the Palomar were really tight appears unsupported by the substantial gross
22 receipts and ending assets of the Palomar, and given his self-determined salary of \$720,000 per
23 year. Further, Salem did not testify or answer any questions regarding the above facts. As a result,
24 Salem demonstrated a lack of good character, honesty, and integrity by intentionally
25 misrepresenting the financial status of Palomar to minimize the amount of payments from the
26 Palomar to its Owners.

27 *Salem Contracted on Behalf of Palomar with Businesses Owned by Him and/or His Family*

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1 66. There is nothing intrinsically improper about a general manager of a cardroom
2 contracting on behalf of that cardroom with businesses that they or their family members own.
3 However, there are concerns that the general manager may abuse their position to provide unfair
4 or disproportionate payments to their other businesses and/or those of their family members,
5 and/or concealing these relationships from the owners of the cardroom.

6 67. In a previous decision on Salem's suitability for a key employee license, the
7 Commission found that Salem conducted business transactions for his non-gaming business in
8 Palomar, used his position as manager and key employee to require Palomar employees to aide in
9 conducting these transactions, and/or used his position as manager and key employee to use
10 Palomar's financial resources to conduct these transactions. The Commission also found that
11 between March 1, 2006 and November 21, 2011, Salem allowed the function, operation, and
12 control of Palomar to intertwine with the third party provider for Palomar, ATS, which was
13 owned by his uncle. The Commission concluded that Salem engaged in conduct that was not
14 proper under the Act and Commission regulations.

15 68. Salem's father was a paid consultant to Palomar during construction to expand the
16 cardroom. Bureau staff also informed Von Kaenel that Salem owned the company supplying the
17 food to the Palomar and that the company providing security services at the Palomar was partially
18 owned by Salem's wife. The concerns that Salem may be abusing his authority as General
19 Manager to provide unfair or disproportionate payments to his other businesses and/or those of
20 their family members, and/or concealing these relationships from the owners, is supported by the
21 facts that Von Kaenel stated that she was unaware that Salem's grocery company was providing
22 food to the Palomar, that Salem's wife was an owner of Palomar's security company, and that
23 Salem did not provide financial statements or information to Owners or Von Kaenel. These
24 concerns were not addressed by Salem given his failure to testify and answer questions during
25 this evidentiary hearing. In light of the fact that Salem had already been determined by the
26 Commission to be engaging in improper conduct under the Act and Commission regulations,
27 these financial relationships call into question Salem's character, honesty, and integrity, and
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1 whether his actions as General Manager are inimical to the public interest and to the effective
2 control and regulation of controlled gambling.

3 *Salem Failed to Notify the Bureau of the Power of Attorney Signed by Owners that Gave Von*
4 *Kaenel Control Over the Palomar*

5 69. A general manager of a cardroom, who is licensed as a key employee, has a duty to
6 inform the Bureau of significant changes to the operations of the cardroom. A failure to keep the
7 Bureau informed is inimical to the public interest of this state and to the effective regulation and
8 control of controlled gambling. Such a failure also demonstrates a lack of fitness to participate in
9 or be associated with controlled gambling.

10 70. Owners signed a power of attorney naming Von Kaenel as their agent with general
11 authority to act on their behalf, including over the operations of Palomar, on or about June 27,
12 2013. In an interview with Bureau staff, Von Kaenel stated that she told Salem that Owners had
13 made her their power of attorney. The Bureau was not informed that Von Kaenel had authority
14 over the operations of Palomar until March 19, 2015, when Palomar's Designated Agent,
15 Attorney Sharp, wrote a letter to the Bureau that Von Kaenel had been appointed as the Owners'
16 "proxy-agent" for the supervision and control of Palomar. At no point between June 27, 2013 and
17 March 22, 2015, did Salem, who was General Manager with "total authority" over Palomar,
18 inform the Bureau that Von Kaenel, who was not licensed, had authority over the operations and
19 control of Palomar. Further, Salem did not testify or answer any questions regarding his failure to
20 inform the Bureau that Owners had ceded control over the Palomar to Von Kaenel. As a result,
21 Salem's failure to inform the Bureau of Owners' appointment of Von Kaenel as "proxy-agent"
22 with authority over the Palomar is inimical to the public interest of the state and to the effective
23 regulation and control of controlled gambling, and demonstrates a lack of fitness to participate in
24 or be associated with controlled gambling.

25 *Salem Offered and/or Provided Compensation to Von Kaenel, an Unlicensed Individual*

26 71. Providing compensation to an unlicensed individual is a violation of the Act, which
27 requires that only licensed individuals receive any compensation or reward for keeping, running,
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1 or carrying on any controlled game in this state. Von Kaenel disclosed in an interview with
2 Bureau staff that Salem had offered her \$1,000 per month for assisting Salem, Palomar, and its
3 Owners, even though Von Kaenel was never licensed by the Commission. Von Kaenel stated that
4 she did not want the money after the first payment. Salem did not testify or offer any evidence
5 refuting Von Kaenel's statement. Salem demonstrated a lack of integrity and character by
6 offering compensation in violation of the Act. Salem's actions in violation of the Act are also
7 inimical to the public interest and to the effective regulation and control of controlled gambling,
8 and demonstrate a lack of fitness to participate in or be associated with controlled gambling.

9 *Federal Indictment Against Salem*

10 72. In the federal indictment, Salem was charged with money laundering conspiracy,
11 failure to maintain a reasonably designed anti-money laundering program, and aiding and
12 abetting. The federal indictment against Salem was dismissed with prejudice. As a result, there
13 was no evidence presented that Salem engaged in any of the actions alleged in the indictment.
14 However, Salem's failure to attend the entirety of the hearing, testify, and answer questions
15 prevented the Commissioners and DAG Stevens from addressing their concerns by inquiring
16 regarding the facts and circumstances surrounding the allegations in the indictment and the
17 operations of Palomar during that time.

18 73. All documentary and testimonial evidence submitted by the parties that is not
19 specifically addressed in this Decision and Order was considered but not used by the Commission
20 in making its determination on Salem's Application.

21 74. The matter was submitted for Commission consideration on January 12, 2022.

22 **LEGAL CONCLUSIONS**

23 75. Division 1.5 of the Business and Professions Code, the provisions of which govern the
24 denial of licenses on various grounds, does not apply to licensure decisions made by the
25 Commission under the Gambling Control Act. Business and Professions Code section 476(a).

26 76. Public trust that permissible gambling will not endanger public health, safety, or
27 welfare requires that comprehensive measures be enacted to ensure that gambling is free from
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1 criminal and corruptive elements, that it is conducted honestly and competitively, and that it is
2 conducted in suitable locations. Business and Professions Code section 19801(g).

3 77. Public trust and confidence can only be maintained by strict and comprehensive
4 regulation of all persons, locations, practices, associations, and activities related to the operation
5 of lawful gambling establishments and the manufacture and distribution of permissible gambling
6 equipment. Business and Professions Code section 19801(h).

7 78. The Commission has the responsibility of assuring that licenses, approvals, and
8 permits are not issued to, or held by, unqualified or disqualified persons, or by persons whose
9 operations are conducted in a manner that is inimical to the public health, safety, or welfare.
10 Business and Professions Code section 19823(a)(1).

11 79. An “unqualified person” means a person who is found to be unqualified pursuant
12 to the criteria set forth in Section 19857, and “disqualified person” means a person who is found
13 to be disqualified pursuant to the criteria set forth in Section 19859. Business and Professions
14 Code section 19823(b).

15 80. The Commission has the power to deny any application for a license, permit, or
16 approval for any cause deemed reasonable by the Commission. Business and Professions Code
17 section 19824(b).

18 81. The Commission has the power to take actions deemed to be reasonable to ensure
19 that no ineligible, unqualified, disqualified, or unsuitable persons are associated with controlled
20 gambling activities. Business and Professions Code section 19824(d).

21 82. Every person who, either as owner, lessee, or employee, whether for hire or not,
22 either solely or in conjunction with others, deals, operates, carries on, conducts, maintains, or
23 exposes for play any controlled game in this state, or who receives, directly or indirectly, any
24 compensation or reward, or any percentage or share of the money or property played, for keeping,
25 running, or carrying on any controlled game in this state, shall apply for and obtain from the
26 commission, and shall thereafter maintain, a valid state gambling license, key employee license,
27 or work permit, as specified in this chapter. Business and Professions Code section 19850.
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1 83. Every key employee shall apply for and obtain a key employee license. Business
2 and Professions Code section 19854(a).

3 84. No person may be issued a key employee license unless the person would qualify
4 for a state gambling license. Business and Professions Code section 19854(b).

5 85. The burden of proving his or her qualifications to receive any license from the
6 Commission is on the applicant. Business and Professions Code section 19856(a).

7 86. An application to receive a license constitutes a request for a determination of the
8 applicant's general character, integrity, and ability to participate in, engage in, or be associated
9 with, controlled gambling. Business and Professions Code section 19856(b).

10 87. In reviewing an application for any license, the commission shall consider whether
11 issuance of the license is inimical to public health, safety, or welfare, and whether issuance of the
12 license will undermine public trust that the gambling operations with respect to which the license
13 would be issued are free from criminal and dishonest elements and would be conducted honestly.
14 Business and Professions Code section 19856(c).

15 88. The burden of proof is always on the applicant to prove his, her, or its
16 qualifications to receive any license or other approval under the Gambling Control Act. CCR
17 section 12060(i).

18 89. No gambling license shall be issued unless, based on all of the information and
19 documents submitted, the commission is satisfied that the applicant is a person of good character,
20 honesty, and integrity. Business and Professions Code section 19857(a).

21 90. No gambling license shall be issued unless, based on all of the information and
22 documents submitted, the commission is satisfied that the applicant is a person whose prior
23 activities, criminal record, if any, reputation, habits, and associations do not pose a threat to the
24 public interest of this state, or to the effective regulation and control of controlled gambling, or
25 create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in
26 the conduct of controlled gambling or in the carrying on of the business and financial
27 arrangements incidental thereto. Business and Professions Code section 19857(b).

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1 91. No gambling license shall be issued unless, based on all of the information and
2 documents submitted, the commission is satisfied that the applicant is a person that is in all other
3 respects qualified to be licensed as provided in this chapter. Business and Professions Code
4 section 19857(c).

5 92. An application will be denied if the Commission finds that the applicant has not
6 satisfied the requirements of Business and Professions Code section 19857. CCR section
7 12040(a)(1).

8 93. The burden of proving his or her qualifications to receive any license is on the
9 applicant. After attending the first three days of this evidentiary hearing, Salem failed to attend
10 the fourth day of the hearing. Salem also failed to provide any testimony during the evidentiary
11 hearing and was not available to answer any questions from DAG Stevens or the Commissioners.
12 As a result of Salem's failure to attend the entirety of the hearing and meaningfully participate by
13 offering testimony and answering questions, Salem failed to meet his burden of proving his
14 qualifications to renew his key employee license pursuant to Business and Professions Code
15 section 19856(a) and CCR section 12060(i). By failing to meet his burden of proving his
16 qualifications for licensure, Salem has failed to satisfy the Commission that he is a person that is
17 in all other respects qualified to be licensed pursuant to Business and Professions Code section
18 19857(c). As a result, Salem's Application must be denied pursuant to CCR section 12040(a)(1)
19 because Salem has not satisfied the requirements of Business and Professions Code section
20 19857.

21 94. Salem demonstrated a lack of character and integrity by failing to attend the entirety of
22 this hearing, which he requested, and meaningfully participate in the evidentiary hearing process
23 through his failure to offer testimony and answer questions that address the Commission's
24 numerous concerns contained in the Factual Findings of this Decision and Order. Salem
25 demonstrated a further lack of character and integrity by showing an active disinterest in proving
26 his suitability for licensure and meeting the obligations of a key employee licensee to provide
27 information requested by the Commission and Bureau, and through his disregard for the licensure
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1 and evidentiary hearing process. Salem's failure to provide financial statements and information
2 to Owners and Von Kaenel, his intentional misrepresentation of the financial status of the
3 Palomar to minimize the amount of payments made to Owners, and his offer and/or payment to
4 Von Kaenel, who was not licensed by the Commission, also demonstrate a lack of good character,
5 honesty, and integrity. Salem's contractual relationships with family members on behalf of the
6 Palomar, and failure to disclose these relationships to Von Kaenel, also call into question his
7 character, honesty, and integrity. Based on the foregoing, Salem failed to satisfy the Commission
8 that he is a person of good character, honesty, and integrity pursuant to Business and Professions
9 Code section 19857(a). As a result, Salem's Application must be denied pursuant to CCR section
10 12040(a)(1) because Salem has not satisfied the requirements of Business and Professions Code
11 section 19857.

12 95. Salem failed to attend the entirety of this hearing, which he requested, and
13 meaningfully participate in the evidentiary hearing process by failing to offer testimony and
14 answer questions that address the Commission's numerous concerns contained in the Factual
15 Findings of this Decision and Order. Salem violated the condition on his own key employee
16 license by failing to work for the Staats in a manner that the Staats were able to maintain control
17 and supervision of the Palomar. Salem violated the condition on University Heights' license that
18 required any new lease, modification of an old lease, or amendments or addendums to the current
19 lease between University Heights and the Palomar to be approved by the Commission in advance
20 of the effective date of the lease. Salem failed to keep Owners and Von Kaenel adequately
21 informed of the operations of Palomar, including by failing to provide financial statements and
22 information. Salem intentionally misrepresented the financial status of Palomar to Von Kaenel to
23 minimize the amount of payments to Owners. Salem failed to notify the Bureau of the power of
24 attorney signed by Owners that gave Von Kaenel, who was never licensed by the Commission,
25 control over the Palomar. Salem offered and/or provided compensation to Von Kaenel, who was
26 never licensed by the Commission. All of the foregoing actions of Salem are inimical to the
27 public interest of this state and to the effective regulation and control of controlled gambling, and
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1 demonstrate that Salem is unfit to participate in or be associated with controlled gambling. Based
2 on the foregoing, Salem failed to satisfy the Commission that he is a person whose prior activities
3 do not pose a threat to the public interest of this state, or to the effective regulation and control of
4 controlled gambling, or create or enhance the dangers of unsuitable, unfair, or illegal practices,
5 methods, and activities in the conduct of controlled gambling or in the carrying on of the business
6 and financial arrangements incidental thereto pursuant to Business and Professions Code section
7 19857(b). As a result, Salem’s Application must be denied pursuant to CCR section 12040(a)(1)
8 because Salem has not satisfied the requirements of Business and Professions Code section
9 19857.

10 NOTICE OF APPLICANT’S APPEAL RIGHTS

11 Salem has the following appeal rights available under state law:

12 CCR section 12064, subsections (a) and (b) provide, in part:

13 (a) After the Commission issues a decision following a GCA hearing conducted
14 pursuant to Section 12060, an applicant denied a license, permit, registration, or
15 finding of suitability, or whose license, permit, registration, or finding of
16 suitability has had conditions, restrictions, or limitations imposed upon it, may
17 request reconsideration by the Commission. A request for reconsideration must
18 be:

19 (1) Made in writing to the Commission, copied to the Complainant. The
20 Bureau may provide a written response to the Commission within 10 calendar days
21 of receipt of the request; and

22 (2) Received by the Commission and Complainant within 30 calendar days of
23 service of the decision, or before the effective date specified in the decision,
24 whichever is earlier.

25 (b) A request for reconsideration must state the reasons for the request, which
26 must be based upon either:

27 (1) Newly discovered evidence or legal authorities that could not reasonably
28 have been presented before the Commission’s issuance of the decision or at the
hearing on the matter; or,

(2) Other good cause which the Commission may decide, in its sole discretion,
merits reconsideration.

Business and Professions Code section 19870, subdivision (f) provides:

A decision of the commission after an evidentiary hearing, denying a license or
approval, or imposing any condition or restriction on the grant of a license or
approval may be reviewed by petition pursuant to Section 1085 of the Code of
Civil Procedure. Section 1094.5 of the Code of Civil Procedure shall not apply to
any judicial proceeding held to consider that petition, and the court may grant the

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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.

CCR section 12066, subsection (c) provides:

A decision of the Commission denying an application or imposing conditions on a license will be subject to judicial review as provided in Business and Professions Code section 19870, subdivision (e). Neither the right to petition for judicial review nor the time for filing the petition shall be affected by failure to seek reconsideration.

ORDER

1. Naseem Salem’s Renewal Application for Gambling Establishment Key Employee License is DENIED

- 2. No costs are awarded.
- 3. Each side to pay its own attorneys’ fees.

This Order is effective on April 21, 2022.

Dated: 3/22/2022 Signature: 
DocuSigned by: Paula LaBrie
38D0AB38C651466
 Paula LaBrie, Chair

Dated: 3/22/2022 Signature: 
DocuSigned by: Cathleen Galgiani
3D1DB086F9274AA
 Cathleen Galgiani, Commissioner

Dated: 3/22/2022 Signature: 
DocuSigned by: Eric Heins
2B4CE9520F8845C
 Eric Heins, Commissioner

Dated: 3/22/2022 Signature: 
DocuSigned by: William Liu
7722F4674426448
 William Liu, Commissioner

Dated: 3/22/2022 Signature: 
DocuSigned by: Edward Yee
14B4AD3B90F8462
 Edward Yee, Commissioner