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BEFORE THE
CALIFORNIA GAMBLING CONTROL COMMISSION

In the Matter of the Statement of Reasons
Against:

Sharp Image Gaming, Inc.,
Christopher Scott Anderson, and
Kelli Anderson

Respondents.

BGC Case No. 206-1128-01XL
CGCC Case No. CGCC-2010-02-03

DECISION AND ORDER

Hearing Date: March 29, 2016
Time: 10:00 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, on March 29, 2016.

Jennifer T. Henderson (Henderson), Deputy Attorney General, State of California, represented complainant Wayne J. Quint, Jr., Chief of the Bureau of Gambling Control (Bureau), Department of Justice, State of California.

Respondents Sharp Image Gaming, Inc. (Sharp Image), Christopher Scott Anderson (C. Anderson), and Kelli Anderson (K. Anderson) (collectively, "Respondents") failed to appear and were not represented at the hearing.

During the administrative hearing, Presiding Officer Jason Pope took official notice of the Notice of Hearing and Prehearing Conference, with enclosures, sent by the Commission to Harlan Goodson (Goodson), counsel for Respondents, and Henderson on September 29, 2015.

During the administrative hearing, Presiding Officer Jason Pope accepted into evidence the following exhibits offered by the Bureau:

- (1) Notice of Defense, Bates Nos. 0001-0002;
- (2) Notices from the Commission:
 - a. February 3, 2010, Referral for Evidentiary Hearing – Sharp Image Gaming, Inc. – Application for Initial Tribal-State Compact Gaming Resource Supplier Finding of Suitability, Bates Nos. 0003-0004;

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- b. September 29, 2015, Notice of Hearing and Prehearing Conference, with Attachments A & B, Bates Nos. 0005-0037; and
- c. February 24, 2016, Conclusion of Prehearing Conference, Bates Nos. 0037a-0037c;

(3) BGC Reports

- a. BGC Application for Finding of Suitability Gaming Resource Supplier for Sharp Image Gaming, Inc. signed by Christopher Anderson, 4/21/2004, Bates Nos. 0038-0039;
- b. BGC Application for Finding of Suitability Gaming Resource Supplier for Christopher Scott Anderson, signed 4/21/2004, Bates No. 0040;
- c. BGC Application for Finding of Suitability Gaming Resource Supplier for Kelli Anne Anderson, signed 4/21/2004, Bates No. 0041;
- d. BGC Supplemental Background Information, Gaming Resource Supplier – Business, for Sharp Image Gaming, Inc., declaration signed June 11, 2004, received by BGC 7/6/2004, Bates Nos. 0042-0118; Updated pages received 8/3/2005, Bates Nos. 0119-0166;
- e. BGC Supplemental Background Information, Gaming Resource Supplier, for Principal Christopher Anderson, declaration signed 6/11/2004, Bates Nos. 0167-0234;
- f. BGC Supplemental Background Information, Gaming Resource Supplier, for Principal Kelli Anderson, declaration signed 6/11/2004, Bates Nos. 0235-0285;
- g. BGC Tribal Vendor Background Investigation Report for Sharp Image Gaming, Inc. dated April 2008; BGC Tribal Vendor Background Investigation Report for Sharp Image Gaming, Inc. dated April 2008, Bates Nos. 0286-0308; and
- h. BGC Tribal Vendor Background Investigation Report for Sharp Image

1 Gaming, Inc. dated April 2008; BGC Tribal Vendor Background
2 Investigation Report for Sharp Image Gaming, Inc. dated November
3 2008, Bates Nos. 0309-0335;

4 (4) BGC Correspondence

- 5 a. Director, Harlan Goodson letter to Chris Anderson re: Request for
6 Finding of Suitability dated June 8, 2000, Bates Nos. 0336-0337;
7 b. Debra DeRosier letter to Rene Stibelman re: Notice of Preliminary
8 Summons, dated March 30, 2004, Bates Nos. 0338-0339;
9 c. Martin Horan letter to Chris Anderson re: Request for Additional fees
10 for background investigation, dated November 3, 2004, Bates No.
11 0340;
12 d. Silvia Holmquist letter to Chris Anderson re: Request for supplemental
13 information and documentation, dated January 19, 2005, Bates Nos.
14 0341-0342;
15 e. Debra DeRosier letter to Chris Anderson re: Supplemental Background
16 Information, dated May 14, 2004, Bates Nos. 0343-0344;
17 f. Silvia Holmquist letter to Chris Anderson re: Request for additional
18 funds, dated June 16, 2005, Bates No. 0345;
19 g. Silvia Holmquist letter to Chris Anderson re: Request for additional
20 information, dated August 12, 2005, Bates Nos. 0346-0349;
21 h. Silvia Holmquist letter to Chris Anderson re: Request for additional
22 information and documents, dated October 7, 2005. Second request
23 sent by fax 11/9/2005, Bates Nos. 0350-0355;
24 i. Pam Story second notice letter to Chris Anderson re: Request for
25 supplemental information and documentation, dated March 17, 2006,
26 Bates Nos. 0356-0358;
27 j. Pam Story final notice letter to Chris Anderson re: Request for
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supplemental information and documentation, final notice, dated April 5, 2006, Bates Nos. 0359-0364;

k. Dorothy Cooper letter to Christopher Anderson re request for supplemental financial documentation, dated April 25, 2007, Bates Nos. 0365-0368;

l. Debbie McLaughlin letter to Harlan Goodson re finding of suitability investigative findings sent to CGCC, dated November 19, 2008, Bates No. 0369;

m. Linda Battles letter to Agua Caliente Band of Cahuilla Indians re: notification of request to deny gaming resource supplier/financial source finding of suitability application, dated April 11, 2008, Bates Nos. 0370-0371;

n. Linda Battles letter to Chris Anderson re: pre-denial notification – recommendation of denial of application for finding of suitability – Sharp Image Gaming, Inc., dated April 11, 2008, Bates Nos. 0372-0373; and

o. Dorothy Cooper letter to Chris Anderson re: summary status of background investigation, dated April 5, 2007, Bates Nos. 0374-0375;

(5) California Gambling Control Commission Staff Summary, Recommendation for Gaming Resource Supplier Finding of Suitability, July 23, 2009, Commission Meeting, Bates Nos. 0376-0388;

(6) CGCC Correspondence

a. Cara Podesto letter to Chris Anderson re: Notice of Renew Manufacturers or Distributors of Gaming Equipment Registration with attached letter from U.S. DOJ to Sharp Image dated 1/3/2005, dated November 10, 2004, Bates Nos. 0389-0390;

b. John Spittler letter to Chris Anderson re: Renewal of manufacturer and

1 distributor of gambling equipment registration for SIG, dated February
2 8, 2005, Bates Nos. 0391-0392; and

3 c. Cara Podesto letter to Chris Anderson re: Renewal of manufacturer and
4 distributor of gambling equipment registration for SIG, dated January
5 11, 2006, Bates Nos. 0393-0394;

6 (7) Sharp Image Gaming Correspondence

7 a. Chris Anderson letter to Harlan Goodson, BGC, re request for
8 application for a finding of suitability under the compact, dated May
9 23, 2000, Bates No. 0395;

10 b. Rene Stibelman letter to BGC re enclosed completed application for
11 finding of suitability, dated April 23, 2004, Bates No. 0396;

12 c. Rene Stibelman letter to BGC re refund of \$15,000 deposited with
13 BGC and a replacement check of \$5,000 for the background
14 investigation, dated July 4, 2004, Bates No. 0397;

15 d. Rene Stibelman letter to BGC re game patent information, dated
16 November 12, 2004, Bates No. 0398;

17 e. Chris Anderson letter to BGC re response to request for supplemental
18 information, dated February 4, 2005, Bates Nos. 0399-0400;

19 f. Rene Stibelman letter to BGC re response to request for supplemental
20 information, dated June 3, 2005, Bates Nos. 0401-0404;

21 g. Rene Stibelman letter to BGC re response to request for supplemental
22 information, dated June 3, 2005, Bates Nos. 0405-0408;

23 h. Rene Stibelman letter to BGC re response to request for supplemental
24 information with attached lien releases, dated August 17, 2005, Bates
25 Nos. 0409-0422;

26 i. Rene Stibelman letter to BGC re additional information request, dated
27 September 1, 2005, Bates Nos. 0423-0428;

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- j. Chris Anderson letter to BGC re response to request for additional information and documents, dated January 18, 2006, Bates Nos. 0429-0434;
 - k. Chris Anderson letter to BGC re request for supplemental information and documentation, dated March 30, 2006, Bates Nos. 0435-0436;
 - l. Chris Anderson letter to BGC re request for supplemental information and documentation, dated April 14, 2006, Bates Nos. 0437-0438;
 - m. Chris Anderson letter to BGC re response to request for information, dated July 24, 2006, Bates Nos. 0439-0442;
 - n. Chris Anderson (unsigned) letter to BGC re supplemental information and documentation request, dated August 9, 2006, Bates Nos. 0443-0444;
 - o. Chris Anderson letter to BGC re supplemental information response re tax lien, dated September 6, 2006, Bates Nos. 0445-0446;
 - p. Chris Anderson letter to BGC re supplemental information response re withdrawal of tax lien, dated October 25, 2006, Bates Nos. 0447-0449;
 - q. Chris Anderson letter to BGC re supplemental information response and response to request for additional deposit and additional information, dated January 23, 2007, Bates Nos. 0450-0451; and
 - r. Chris Anderson letter to BGC re "on-site" request for supplemental accounting information, dated March 27, 2007, Bates Nos. 0452-0482;
- (8) Bank Statements
- a. Wells Fargo Bank, N.A., Bates Nos. 0483-0514;
 - b. US Bank, Bates Nos. 0515-0542; and
 - c. Washington Mutual, Bates Nos. 0543-0553;
- (9) Sharp Image Gaming, Inc. Corporate Structure documents, Bates Nos. 0554-0569;

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- (10) Tax lien documents for Sharp Image Gaming, Inc., Bates Nos. 0570-0680;
- (11) Documents obtained from National Indian Gaming Commission regarding Sharp Image Gaming, Inc., Bates Nos. 0681-0733;
- (12) Final Request and Response
 - a. Dorothy Cooper letter to Chris Anderson re: request for supplemental documentation, dated April 24, 2007, Bates Nos. 0734-0735; and
 - b. David C. Holtz letter to Dorothy Cooper responding to April 24, 2007 letter, attaching documents, dated May 14, 2007, Bates Nos. 0736-0965;
- (13) Abandonment
 - a. Harlan Goodson letter to Tina Littleton, dated June 16, 2009, Bates No. 0966;
 - b. Ericka Ramirez letter to Harlan Goodson re: notification of scheduled Commission meeting, dated October 8, 2009, Bates Nos. 0967-0974;
 - c. Marianne Estes letter to Harlan Goodson re: denial of Sharp Image Gaming, Inc. request to abandon, dated October 27, 2009, Bates Nos. 0975-0978; and
 - d. Bureau letter dated July 9, 2009, responding to request to abandon, Bates Nos. 0978a-0978b;
- (14) Response to Denial of Finding of Suitability
 - a. Harlan Goodson letter to Tina Littleton re: rebuttal to Bureau's recommendation of denial of a finding of suitability for gaming resource supplier, dated January 15, 2009, Bates Nos. 0979-1078;
 - b. Harlan Goodson letter to Tina Littleton re: rebuttal to Bureau's recommendation of denial of a finding of suitability for gaming resource supplier, dated February 18, 2009, Bates Nos. 1079-1131; and
 - c. Harlan Goodson letter to Tina Littleton re: rebuttal to Bureau's

- 1 recommendation of denial of a finding of suitability for gaming
2 resource supplier, dated March 13, 2009, Bates Nos. 1132-1264;
- 3 (15) *Sharp Image Gaming, Inc. v. Shingle Springs Band of Miwok Indians*
4 a. Complaint, dated March 12, 2007, Bates Nos. 1265-1277;
5 b. First Amended Complaint, dated May 22, 2007, Bates Nos. 1278-1287;
6 c. Memorandum of Order, dated October 15, 2010, Bates Nos. 1288-
7 1326; and
8 d. Appellate Courts Case Information docket sheet, Bates Nos. 1327-
9 1331;
- 10 (16) California Secretary of State current status of corporation, as of February
11 12, 2016, Bates No. 1332;
- 12 (17) 2014 tax lien information for Sharp Image Gaming, Inc., as of February 12,
13 2016, Bates Nos. 1333-1335;
- 14 (18) March 22, 2016, e-mail from Harlan Goodson, Esq. regarding appearance
15 at GCA hearing scheduled for March 29, 2016, Bates Nos. 1336-1338; and
- 16 (19) Statement of Reasons; Statement to Respondent; copy of Cal. Code. Regs.,
17 tit. 4, § 12060; copies of Bus. & Prof. Code §§ 19870 & 19871; and
18 February 17, 2016, Certificate of Service by Certified Mail Service, with
19 signed Receipt for Certified Mail, Bates Nos. 1339-1360.

20 The matter was submitted on March 29, 2016.

21 FINDINGS OF FACT

22 1. On or about April 21, 2004, Sharp Image, and C. Anderson (President and Owner),
23 and K. Anderson (Secretary and Treasurer) as the principals of Sharp Image, submitted
24 Applications for Finding of Suitability as a Gaming Resource Supplier (Applications) to the
25 Commission.

26 2. According to their Applications, Sharp Image is a manufacturer of gaming equipment
27 machines.
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1 3. At its October 22, 2009 meeting, the Commission voted to refer consideration of
2 Respondents' Applications to an evidentiary hearing.

3 4. On or about February 3, 2010, the Executive Director of the Commission referred
4 consideration of Respondents' Applications to a Gambling Control Act (GCA) evidentiary
5 hearing pursuant to CCR section 12050(b).

6 5. On or about June 11, 2015, Respondents submitted a Notice of Defense to the
7 Commission requesting an evidentiary hearing on the consideration of their Applications.

8 6. On or about September 29, 2015, the Commission served a Notice of Hearing and
9 Prehearing Conference on Goodson and Henderson.

10 7. On or about February 17, 2016, the Bureau filed a Statement of Reasons with the
11 Commission and served the Statement of Reasons on Respondents via certified mail. In its
12 Statement of Reasons, the Bureau recommends the denial of Respondents' Applications.

13 8. On or about February 19, 2016, the noticed Prehearing Conference was held before
14 Presiding Officer Jason Pope, Attorney III of the Commission. Jennifer T. Henderson, Deputy
15 Attorney General, attended on behalf of the Bureau. Harlan Goodson attended on behalf of
16 Respondents.

17 9. On or about February 24, 2016, the Commission served a Conclusion of Prehearing
18 Conference letter on Goodson and Henderson.

19 10. The Commission heard Case No. CGCC-2010-02-03 on March 29, 2016. The
20 Bureau was represented throughout the hearing by Deputy Attorney General Jennifer T.
21 Henderson. Respondents failed to appear and were not represented at the hearing.

22 11. On or about June 11, 2004, C. Anderson submitted Sharp Image's Supplemental
23 Background Information form (Supplemental) to the Bureau.

24 12. The questions on the Supplemental request information that is material to qualification
25 criteria for a state gambling license.

26 13. Question number 3 on Sharp Image's Supplemental asks "Will the business be
27 investing in or loaning money to a gaming operation?" C. Anderson checked the box marked
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1 “No” to this question.

2 14. Question number 5 on Sharp Image’s Supplemental asks “Does this business have any
3 current or previous investment, business relationship, or agreement with any Indian Tribe, or an
4 ownership, financial, or management interest, either gaming or non-gaming related, in any Tribal
5 business?” C. Anderson checked the box marked “Yes” to this question. C. Anderson listed
6 “Shingle Springs Rancheria” as the Tribe and “ongoing machine contract” as the nature of Sharp
7 Image’s business relationship with Shingle Springs Rancheria. On Schedule “F” of the
8 Supplemental, C. Anderson wrote that Sharp Image’s type of asset with Shingle Springs
9 Rancheria included “ongoing Contract for sale of machines” and “various advances of about \$3
10 million.”

11 15. C. Anderson’s description on Schedule “F” of the Supplemental regarding “various
12 advances of about \$3 million” to Shingle Springs Rancheria refers to a loan of money to a gaming
13 operation.

14 16. On or about August 3, 2005, the Bureau interviewed C. Anderson regarding his
15 responses on the Supplemental and Sharp Image’s involvement with Shingle Springs Rancheria.
16 When C. Anderson was specifically questioned regarding his involvement in Shingle Springs
17 Rancheria, C. Anderson stated that “I’m a part of strictly of the leasing of the machines . . . back
18 in that period, we were only signing lease agreements, we weren’t doing management
19 agreements, we’ve never done a management agreement.”

20 17. On or about August 3, 2005, C. Anderson submitted an Amended Supplemental
21 Background Information form (Amended Supplemental) for Sharp Image to the Bureau.

22 18. On the Amended Supplemental, C. Anderson changed his answer to Question 3 on the
23 Supplemental regarding “Will the business be investing in or loaning money to a gaming
24 operation?” from “No” to “Yes.” C. Anderson changed the description and amount from
25 “ongoing Contract for sale of machines” with Shingle Springs Rancheria for \$3 million to
26 “\$7,000,000.00 to Shingle Springs for machine leases for 5 years.”

27 19. On or about May 22, 2007, Sharp Image filed a Complaint against Shingle Springs
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1 Band of Miwok Indians (Tribe), related to the Shingle Springs Rancheria, for breach of contract
2 and other causes of action.

3 20. In its Complaint, Sharp Image alleges that it entered into a series of contracts with the
4 Tribe to open a casino in Single Springs, California. Sharp Image further alleges that it invested
5 millions of dollars for casino construction and access development; advanced funds to cover
6 myriad other needs of the Tribe and its members while the casino project was in process; and
7 agreed to and provided gaming machines necessary for casino operation. In exchange, the Tribe
8 agreed that after opening a casino, it would pay back the advances and remit to Sharp Image a
9 percentage of the casino's gaming revenue for a number of years.

10 21. C. Anderson, as a Principal of Sharp Image, provided untrue, incomplete, inconsistent
11 and/or misleading information as to facts material to qualification criteria for a state gambling
12 license as follows:

- 13 a. By checking the box marked "no" in response to Question number 3 on the
14 Supplemental even though Sharp Image had already loaned money to the Tribe
15 for a gaming operation;
- 16 b. By characterizing the "various advances of \$3 million" as "leasing of [gaming]
17 machines" during his August 3, 2005 interview with the Bureau even though
18 Sharp Image had loaned money to the Tribe for other purposes, including
19 casino construction and access development; and
- 20 c. By describing the loan to the Tribe in response to Question 3 on the Amended
21 Supplemental as "\$7 million to Single Springs for machine leases for 5 years"
22 even though Sharp Image had loaned money to the Tribe for other purposes,
23 including casino construction and access development.

24 22. Providing untrue, inconsistent and/or misleading information demonstrates a lack of
25 good character, honesty, and integrity.

26 23. Question number 6 on Sharp Image's Supplemental asks "Does the business have or
27 anticipate an investment, loan, business relationship, or any other role in this or any other gaming
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1 operation?" C. Anderson checked the box marked "Yes" to this question. C. Anderson listed
2 "ongoing gaming interest for sales gaming equipment in Venezuela" and "currently initiating
3 gaming operations in Mexico" to this question.

4 24. On Schedule "F" of the Supplemental, C. Anderson wrote that Sharp Image has "an
5 investment of Venezuela for sales of machines – gaming equipment" and "various advances of
6 about \$3 million." C. Anderson also wrote that Sharp Image is "currently initiating gaming
7 operations in Mexico for sales of machines – gaming equipment" in an unknown amount.

8 25. Question number 20 on the Supplemental asks "Does this business entity own or
9 control any assets or liabilities located outside the United States?" C. Anderson checked the box
10 marked "No."

11 26. On the Amended Supplemental, C. Anderson changed his answer to Question 20 on
12 the Supplemental regarding "Does this business entity own or control any assets or liabilities
13 located outside the United States?" from "No" to "Yes." C. Anderson listed "operations in
14 Mexico and Venezuela."

15 27. On or about August 12, 2005, the Bureau requested that Sharp Image provide "lease
16 agreements, addresses, invoices, and shipping notices for gaming equipment sold for its Mexico
17 and Venezuela activities."

18 28. On or about September 1, 2005, C. Anderson submitted a letter to the Bureau, in
19 which he stated that the lease agreements between Sharp Image and companies in Mexico and
20 Venezuela are verbal and not written; that Sharp Image does not have any shipping notices; and
21 that its foreign partners handle all international shipping.

22 29. On or about October 7, 2005 and December 19, 2005, the Bureau requested that Sharp
23 Image document the terms of its verbal sales and/or lease agreements with its foreign partners,
24 and requested copies of all shipping notices, invoices, and all U.S. Customs documents for
25 gaming equipment sold and/or leased to its foreign partners.

26 30. On or about January 18, 2006, C. Anderson responded that Sharp Image was waiting
27 for the requested documents from its foreign partners.

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1 31. On or about March 17, 2006 and April 5, 2006, the Bureau again requested that Sharp
2 Image provide all shipping notices, invoices, and U.S. Customs documents for gaming equipment
3 sold and/or leased to its foreign partners.

4 32. On or about April 15, 2006, C. Anderson provided Sharp Image's invoices and
5 minimal shipping documents for equipment sold and/or leased to Mexico, but could not produce
6 shipping or U.S. Customs documents associated with Sharp Image's invoices for equipment sold
7 and/or leased to its Venezuela customers or partners. C. Anderson stated that Sharp Image
8 attempted to obtain the requested information from its Venezuela customers and partners without
9 cooperation or success.

10 33. In June 2006, C. Anderson informed the Bureau that "90% of what [Sharp Image]
11 does in foreign countries is verbal because contracts in other countries are absolutely worthless."

12 34. C. Anderson failed to provide and/or provided incomplete information as to facts
13 material to qualification criteria for a state gambling license as follows:

- 14 a. Sharp Image failed and/or refused to provide lease agreements with its
15 customers and/or partners in Mexico and Venezuela because these agreements
16 were "verbal and not written;"
- 17 b. Sharp Image failed and/or refused to provide addresses of its customers and/or
18 partners in Mexico and Venezuela;
- 19 c. Sharp Image failed and/or refused to provide invoices and shipping notices of
20 its gaming machines to its customers and/or partners in Mexico and Venezuela;
- 21 d. After the Bureau had made six requests for additional information that should
22 have been included on the Supplemental and Amended Supplemental, Sharp
23 Image eventually provided invoices and minimal shipping documents for
24 gaming equipment sold and/or leased to its customers and/or partners in
25 Mexico, but failed and/or refused to provide shipping or U.S. Customs
26 documents associated with its customers and/or partners in Venezuela.

27 35. During the application process, Sharp Image provided invoices that indicate it sold
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1 equipment to Inversiones Catco, S.R.L., in Switzerland.

2 36. C. Anderson failed to provide and/or provided incomplete information as to facts
3 material to qualification criteria for a state gambling license by failing to disclose its sales of
4 gaming equipment to Inversiones Catco, S.R.L. on its Supplemental and Amended Supplemental.

5 37. As a result of Sharp Image's failure to disclose its sales of gaming equipment to
6 Inversiones Catco, S.R.L. in Switzerland, and its failure to provide and/or having provided
7 incomplete information as to its financial dealings with its customers and/or partners in Mexico
8 and Venezuela, the accuracy and reliability of Sharp Image's financial information, foreign sales
9 and recordkeeping information cannot be adequately determined.

10 38. The manner in which Sharp Image conducts its foreign business demonstrates a lack
11 of suitability to participate in, engage in, or be associated with, controlled gambling.

12 39. The manner in which Sharp Image conducts its foreign business poses a threat to the
13 effective regulation and control of controlled gambling.

14 40. From 2001 to 2008, there have been 37 tax liens filed against Sharp Image, including
15 22 federal tax liens, 5 state tax liens, and 10 county tax liens, in a total amount of \$4,433,880. Of
16 the 37 tax liens filed against Sharp Image, only 9 of the tax liens (8 federal tax liens and 1 state
17 tax lien) had been released or withdrawn as of July 15, 2008. The amount of unsatisfied tax liens
18 as of July 15, 2008 was \$1,267,419.

19 41. As of February 13, 2016, Sharp Image still had an outstanding federal tax lien in the
20 amount of \$143,868 recorded against it by the Internal Revenue Service.

21 42. Sharp Image has demonstrated a pattern and practice of failing to comply with federal,
22 state and county taxing requirements by incurring 37 tax liens from 2001 to 2008, and still having
23 an outstanding federal tax lien as of February 13, 2016.

24 43. Sharp Image's habit of failing to comply with federal, state and county taxing
25 requirements poses a threat to the public interest of the United States, State of California, and
26 various counties within the State of California.

27 44. Respondents did not attend the administrative hearing, or submit any information
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1 or evidence in favor of granting their Applications

2 45. All documentary and testimonial evidence submitted by the parties that is not
3 specifically addressed in this Decision and Order was considered but not used by the Commission
4 in making its determination on Respondents' Applications.

5 46. The matter was submitted for Commission consideration on March 29, 2016.

6 LEGAL CONCLUSIONS

7 47. Any Gaming Resource Supplier who directly or indirectly provides, has provided, or
8 is deemed likely to provide at least twenty five thousand dollars (\$25,000) in Gaming Resources
9 in any 12 month period or who has received at least twenty five thousand dollars (\$25,000) in any
10 consecutive 12 month period within the 24 month period immediately preceding application, shall
11 be licensed by the Tribal Gaming Agency prior to the sale, lease, or distribution, or further sale,
12 lease, or distribution of any such Gaming Resources to or in connection with the Tribe's
13 Operation or Facility. These licenses shall be reviewed at least every two years for continuing
14 compliance. In connection with such a review, the Tribal Gaming Agency shall require the
15 Supplier to update all information provided in the previous application. For purposes of Section
16 6.5.2, such a review shall be deemed to constitute an application for renewal. The Tribe shall not
17 enter into or continue to make payments pursuant to any contract or agreement for the provision
18 of Gaming Resources with any person whose application to the State Gaming Agency¹ for a
19 determination of suitability has been denied or has expired without renewal. Tribal-State Gaming
20 Compact section 6.4.5.

21 48. Except for an applicant for licensing as a non-key Gaming Employee . . . the Tribal
22 Gaming Agency shall require the applicant also to file an application with the State Gaming
23 Agency, prior to issuance of a temporary or permanent tribal gaming license, for a determination
24 of suitability for licensure under the California Gambling Control Act. Investigation and
25 disposition of that application shall be governed entirely by state law and the State Gaming
26 Agency shall determine whether the applicant would be found suitable for licensure in a gambling

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28 ¹ "State Gaming Agency" refers to the Commission.

1 establishment subject to that Agency's jurisdiction. Tribal-State Gaming Compact section 6.5.6.

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

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

9 51. "Finding of suitability" means a finding that a person meets the qualification criteria
10 described in subdivisions (a) and (b) of Section 19857, and that the person would not be
11 disqualified from holding a state gambling license on any of the grounds specified in Section
12 19859. Business and Professions Code section 19805(j).

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

17 53. An "unqualified person" means a person who is found to be unqualified pursuant to
18 the criteria set forth in Section 19857, and "disqualified person" means a person who is found to
19 be disqualified pursuant to the criteria set forth in Section 19859. Business and Professions Code
20 section 19823(b).

21 54. The Commission has the power to deny any application for a license, permit, or
22 approval for any cause deemed reasonable by the Commission. Business and Professions Code
23 section 19824(b).

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

26 56. At an evidentiary hearing pursuant to Business and Professions Code sections 19870
27 and 19871 and CCR section 12060(b), the burden of proof rests with the applicant to prove his or
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1 her qualifications to receive any license under the Gambling Control Act. CCR section 12060(i).

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

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

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

16 60. The Commission shall deny a license to any applicant who is disqualified for failure of
17 the applicant to provide information, documentation, and assurances required by this chapter or
18 requested by the chief, or failure of the applicant to reveal any fact material to qualification, or the
19 supplying of information that is untrue or misleading as to a material fact pertaining to the
20 qualification criteria. Business and Professions Code section 19859(b).

21 61. Sharp Image did not attend the administrative hearing, or submit any information or
22 evidence in favor of granting its Application. As a result, Sharp Image did not meet its burden of
23 proving its qualifications to receive a state gambling license pursuant to Business and Professions
24 Code section 19856(a) and CCR section 12060(i).

25 62. Chris Anderson did not attend the administrative hearing, or submit any information or
26 evidence in favor of granting his Application. As a result, Chris Anderson did not meet his
27 burden of proving his qualifications to receive a state gambling license pursuant to Business and
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1 Professions Code section 19856(a) and CCR section 12060(i).

2 63. Kelli Anderson did not attend the administrative hearing, or submit any information or
3 evidence in favor of granting her Application. As a result, Kelli Anderson did not meet her
4 burden of proving her qualifications to receive a state gambling license pursuant to Business and
5 Professions Code section 19856(a) and CCR section 12060(i).

6 64. Sharp Image has failed to meet its burden of demonstrating that it is a person of good
7 character, honesty, and integrity. Therefore, Sharp Image is unqualified for the issuance of a state
8 gambling license pursuant to Business and Professions Code section 19857(a).

9 65. Chris Anderson has failed to meet his burden of demonstrating that he is a person of
10 good character, honesty, and integrity. Therefore, Chris Anderson is unqualified for the issuance
11 of a state gambling license pursuant to Business and Professions Code section 19857(a).

12 66. Kelli Anderson has failed to meet her burden of demonstrating that she is a person of
13 good character, honesty, and integrity. Therefore, Kelli Anderson is unqualified for the issuance
14 of a state gambling license pursuant to Business and Professions Code section 19857(a).

15 67. Sharp Image has failed to meet its burden of demonstrating that it is a person whose
16 prior activities, criminal record, habits, and associations do not pose a threat to the public interest
17 of this state, or to the effective regulation and control of controlled gambling, or create or enhance
18 the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of
19 controlled gambling or in the carrying on of the business and financial arrangements incidental
20 thereto. Therefore, Sharp Image is unqualified for the issuance of a state gambling license
21 pursuant to Business and Professions Code section 19857(b).

22 68. Chris Anderson has failed to meet his burden of demonstrating that he is a person
23 whose prior activities, criminal record, habits, and associations do not pose a threat to the public
24 interest of this state, or to the effective regulation and control of controlled gambling, or create or
25 enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the
26 conduct of controlled gambling or in the carrying on of the business and financial arrangements
27 incidental thereto. Therefore, Chris Anderson is unqualified for the issuance of a state gambling
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1 license pursuant to Business and Professions Code section 19857(b).

2 69. Kelli Anderson has failed to meet her burden of demonstrating that she is a person
3 whose prior activities, criminal record, habits, and associations do not pose a threat to the public
4 interest of this state, or to the effective regulation and control of controlled gambling, or create or
5 enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the
6 conduct of controlled gambling or in the carrying on of the business and financial arrangements
7 incidental thereto. Therefore, Kelli Anderson is unqualified for the issuance of a state gambling
8 license pursuant to Business and Professions Code section 19857(b).

9 70. Sharp Image failed to provide information, documentation, and assurances required by
10 this chapter or requested by the chief, and failed to reveal facts material to qualification, and
11 supplied information that is untrue or misleading as to a material fact pertaining to the
12 qualification criteria. Therefore, Sharp Image is disqualified from the issuance of a state
13 gambling license pursuant to Business and Professions Code section 19859(b).

14 71. Chris Anderson failed to provide information, documentation, and assurances required
15 by this chapter or requested by the chief, and failed to reveal facts material to qualification, and
16 supplied information that is untrue or misleading as to a material fact pertaining to the
17 qualification criteria. Therefore, Chris Anderson is disqualified from the issuance of a state
18 gambling license pursuant to Business and Professions Code section 19859(b).

19 72. Given that Sharp Image, Chris Anderson and Kelli Anderson are unqualified for the
20 issuance of a state gambling license pursuant to Business and Professions Code sections 19857(a)
21 and (b), and Sharp Image and Chris Anderson are disqualified from the issuance of a state
22 gambling license pursuant to Business and Professions Code section 19859(b), there is no finding
23 of suitability for Sharp Image, Chris Anderson and Kelli Anderson.

24 NOTICE OF APPLICANT'S APPEAL RIGHTS

25 Respondents have the following appeal rights available under state law:

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

27 An applicant denied a license, permit, registration, or finding of suitability, or whose
28 license, permit, registration, or finding of suitability has had conditions, restrictions,

1 or limitations imposed upon it, may request reconsideration by the Commission
2 within 30 calendar days of service of the decision, or before the effective date
3 specified in the decision, whichever is later. The request shall be made in writing to
4 the Commission, copied to the Bureau, and shall state the reasons for the request,
5 which must be based upon either newly discovered evidence or legal authorities that
6 could not reasonably have been presented before the Commission's issuance of the
7 decision or at the hearing on the matter, or upon other good cause which the
8 Commission may decide, in its sole discretion, merits reconsideration.

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

10 A decision of the commission denying a license or approval, or imposing any
11 condition or restriction on the grant of a license or approval may be reviewed by
12 petition pursuant to Section 1085 of the Code of Civil Procedure. Section 1094.5 of
13 the Code of Civil Procedure shall not apply to any judicial proceeding described in
14 the foregoing sentence, and the court may grant the petition only if the court finds
15 that the action of the commission was arbitrary and capricious, or that the action
16 exceeded the commission's jurisdiction.

17 CCR section 12066, subsection (c) provides:

18 A decision of the Commission denying an application or imposing conditions on license
19 shall be subject to judicial review as provided in Business and Professions Code section
20 19870, subdivision (e). Neither the right to petition for judicial review nor the time for
21 filing the petition shall be affected by failure to seek reconsideration.
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ORDER

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2 1. Sharp Image Gaming, Inc.'s Application for Finding of Suitability as a Gaming
3 Resource Supplier is DENIED.

4 2. Christopher Scott Anderson's Application for Finding of Suitability as a Gaming
5 Resource Supplier is DENIED.

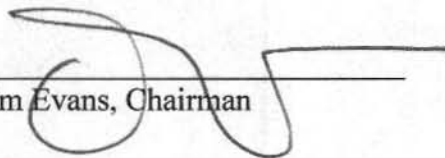
6 3. Kelli Anderson's Application for Finding of Suitability as a Gaming Resource
7 Supplier is DENIED.

8 4. No costs are to be awarded.

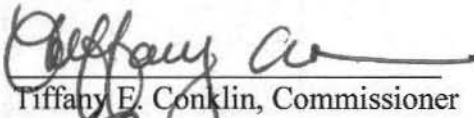
9 5. Each side to pay its own attorneys' fees.

10 This Order is effective on June 13, 2016.

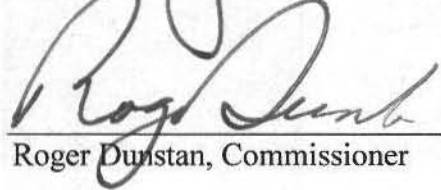
11
12 Dated: 5/12/16

Signature: 
Jim Evans, Chairman

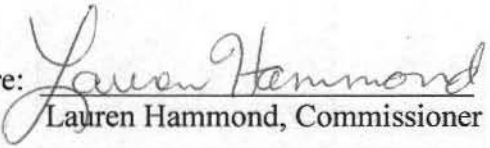
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14
15 Dated: 5/12/2016

Signature: 
Tiffany E. Conklin, Commissioner

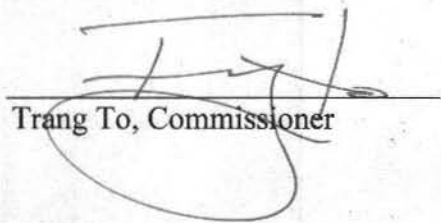
16
17 Dated: 5/12/2016

Signature: 
Roger Dunstan, Commissioner

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19
20 Dated: 5/12/2016

Signature: 
Lauren Hammond, Commissioner

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22
23 Dated: 5/12/2016

Signature: 
Trang To, Commissioner