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8
9 **BEFORE THE**
10 **CALIFORNIA GAMBLING CONTROL COMMISSION**
11 **STATE OF CALIFORNIA**

12
13
14 **In the Matter of the Accusation and**
Statement of Issues Against:

15
16 **ROBERT E. LYTLE**

17 **REDACTED**

18 **LICENSE NUMBERS:**

19 **GEKE-001373**
20 **GEOW-003415**
21 **GEOW-003416**

BGC Case No. HQ2014-00005AL

OAH No. 2015010837

AMENDED
STIPULATED SETTLEMENT,
DECISION, AND ORDER

22
23 **AMENDED STIPULATED SETTLEMENT**

24 **PURPOSE OF THIS STIPULATED SETTLEMENT**

25 This Stipulated Settlement resolves the Accusation and Statement of Issues in the above-
26 titled matter. Respondent Robert E. Lytle (Respondent) holds temporary, and has applications
27 pending for, state gambling licenses pursuant to the Gambling Control Act (Act) (Bus. & Prof.
28

1 Code, § 19800 et seq.). The Accusation and Statement of Issues seeks to discipline
2 Respondent's licenses, and to deny applications for licenses, for violations of, and lack of
3 suitability for licensing under, the Act and the regulations promulgated thereunder.

4 **PARTIES**

5 1. Wayne J. Quint, Jr. (Complainant) brought the Accusation and Statement of
6 Issues solely in his official capacity as the Chief of the California Department of Justice, Bureau
7 of Gambling Control (Bureau). The Accusation and Statement of Issues replaced the
8 Accusation originally filed on December 23, 2014.

9 2. When this proceeding commenced, Respondent was a Gambling Establishment
10 Key Employee with License Number GEKE-001373. That license expired on February 29,
11 2016. Respondent holds a temporary state gambling license (GEOW-003415) arising from his
12 ownership interest in The Tavern at Stones Gambling Hall, which formerly was Phoenix Casino
13 and Lounge (GEGE-001337). Respondent further holds a temporary state gambling license
14 (GEOW-003416) arising from his ownership interest in The Saloon at Stones Gambling Hall,
15 which formerly was Lucky Derby Casino (GEGE-001336). The California Gambling Control
16 Commission (Commission) issued each of Respondent's licenses. Additionally, Respondent
17 has the following pending applications for licensure:

18 a. GEOW-003497: Pending with respect to King's Casino Management Corp.,
19 which is operating at The Saloon at Stones Gambling Hall;

20 b. GEOW-003489: Pending with respect to King's Casino Management Corp.,
21 which is operating at The Tavern at Stones Gambling Hall; and

22 c. GEOW-003570: In November 2014, Respondent applied for licensing under
23 the Act in connection with Stones South Bay Corp., which seeks to acquire an
24 ownership interest in the Seven Mile Casino (GEGE-000466). Stones South Bay Corp.
25 has amended that application to remove Respondent as an applicant, but the
26 Commission's records show the application pending.

1 **JURISDICTION**

2 3. On December 23, 2014, Respondent was served with the original Accusation, as
3 well as a Statement to Respondent (Gov. Code, § 11505, subd. (b)), Request for Discovery
4 (Gov. Code, § 11597.6), copies of Government Code sections 11507.5, 11507.6 and 11507.7,
5 and two copies of the Notice of Defense form (Gov. Code, §§ 11505 & 11506).

6 4. Respondent filed a timely Notice of Defense.

7 5. On February 25, 2015, the Commission voted to refer the applications to which
8 the above-described temporary licenses (GEOW-3415 and GEOW-3416) relate to an
9 evidentiary hearing to be consolidated with the Accusation previously filed in this proceeding.
10 Accordingly, on September 25, 2015, Respondent was served with the Accusation and
11 Statement of Issues.

12 **ADVISEMENT AND WAIVERS**

13 6. Respondent has carefully reviewed, and has discussed with counsel, the legal
14 and factual allegations in the Accusation and Statement of Issues. Respondent has also
15 carefully reviewed, and has discussed with counsel, this Stipulated Settlement. Respondent
16 fully understands the terms and conditions contained within this Stipulated Settlement and the
17 effects thereof.

18 7. Respondent is fully aware of his legal rights in this matter, including: the right
19 to a hearing on all the allegations in the Accusation and Statement of Issues; the right to be
20 represented by counsel of his choice at his own expense; the right to confront and cross-
21 examine the witnesses against him; the right to present evidence and testify on his own behalf;
22 the right to the issuance of subpoenas to compel the attendance of witnesses and the production
23 of documents; the right to apply for reconsideration and court review of an adverse decision;
24 and all other rights afforded by the California Administrative Procedure Act (Gov. Code, §
25 11370 et seq.), the Act, and all other applicable laws.

26 8. Respondent voluntarily, knowingly, and intelligently waives and gives up each and
27 every right set forth in paragraph 7 above, withdraws his request for a hearing on the
28 Accusation and Statement of Issues, and agrees to be bound by this Stipulated Settlement.

1 **STIPULATED ADMISSIONS**

2 9. Respondent admits the truth of the following facts, and warrants, represents, and
3 agrees that each is true, accurate, and complete:

4 a. Until December 30, 2007, Respondent was a sworn law enforcement officer
5 employed by the California Department of Justice and the Director for its Division of
6 Gambling Control (Division), which was the Bureau's predecessor. As a sworn law
7 enforcement officer and Director of the Division, Respondent was familiar with the
8 Act's provisions protecting information and documents from disclosure and the need for
9 licensing and investigatory agencies to maintain the confidentiality of information and
10 documents. As Director of the Division and a senior official in the California
11 Department of Justice, Respondent knew that communications with attorneys were
12 privileged from disclosure.

13 b. On December 30, 2007, Respondent retired from state service. On or about
14 December 31, 2007, Respondent and Garden City, Inc. (Garden City) entered into an
15 independent contractor agreement for him to provide services as its Compliance
16 Director. That agreement was revised, renewed, or replaced over time, and Respondent
17 provided services to Garden City until at least June 30, 2014.

18 c. After his retirement, Respondent also acted as an agent for, or otherwise
19 represented, other persons and entities regulated by the Bureau¹ or under its jurisdiction.
20 Respondent used his past employment as the Division's Director, and in the California
21 Department of Justice, in promoting his business.

22 d. During its investigation into Respondent's suitability for a state gambling
23 license, the Bureau learned that between 2012 and 2013, Respondent solicited and
24 received confidential information from the Bureau's Special Agent-in-Charge James
25 Parker (Parker). Between December 27, 2012, and December 31, 2013, Respondent and

26 ¹ Effective January 1, 2008, amendments to the Act replaced all references to the
27 Division with references to the "Department," meaning the Department of Justice. (Bus. &
28 Prof. Code, § 19805, subd. (h).) Following those amendments, the Bureau assumed the
Division's powers to perform the Department's responsibilities and duties under the Act.

1 Parker contacted each other by telephone many times. They also communicated by text
2 and email. The confidential information requested or provided included, among other
3 things:

4 1) Respondent requested that Parker determine whether a certain person had a
5 criminal history. Parker instructed Bureau employees to gather the
6 information. Parker then reported back to Respondent. That violated the
7 Act.

8 2) Respondent received copies of privileged, confidential communications
9 between the Bureau and its attorneys with respect to entities for whom he
10 served as designated agent. Disclosing confidential information and
11 documents violated the Act.

12 3) Respondent received confidential information gathered and documents
13 prepared during the course of the Bureau's investigation with respect to
14 persons and entities for which he served as designated agent and for Garden
15 City. Disclosing such confidential information and documents violated the
16 Act.

17 4) Respondent's receipt of such information and documents potentially
18 compromised the effectiveness, and undermined the integrity, of the
19 Bureau's investigations, as well as the Bureau's and the Commission's
20 regulation of controlled gambling.

21 e. Respondent failed to report, in writing or otherwise, to the Bureau his
22 knowledge of possible violations of the Act, including those violations set forth above.

23 **STIPULATED AGREEMENT OF SETTLEMENT**

24 10. The foregoing admitted facts and any other admissions made by Respondent
25 herein are made for the purposes of resolving the Accusation and Statement of Issues. They
26 also are made for the purposes of, and may be used in, any other matter now and in the future
27 involving the Commission or the Bureau. Respondent admits, and agrees, that under the Act
28 such facts provide a sufficient factual basis to discipline, and deny his applications for, his

1 licenses. Respondent further admits, and agrees, that such facts establish that he is unqualified
2 for licensure pursuant to Business and Professions Code section 19857 and that his existing
3 licenses must be revoked as provided in California Code of Regulations, title 4, section 19568,
4 subdivision (c)(3).

5 11. Respondent understands and agrees that the admissions made in paragraphs 9 and
6 10 above may be entered into evidence in any legal proceeding brought or prosecuted by the
7 Commission or the Bureau, as if those admissions were made under oath and penalty of perjury.
8 The admissions made by Respondent herein are only for the purposes of this proceeding, or any
9 future proceedings in which the Bureau, the Commission, or any successor agency is involved
10 regarding gambling activities, and shall not be otherwise admissible in any criminal, civil, or
11 unrelated administrative proceeding.

12 12. Upon the effective date of the Decision and Order issued by the Commission
13 adopting this Stipulated Settlement, Respondent's temporary state gambling licenses will be
14 revoked. Additionally, upon the effective date of the Decision and Order issued by the
15 Commission adopting this Stipulated Settlement, Respondent's state gambling license
16 applications shall be denied.

17 13. Respondent agrees that he shall be deemed ineligible during his lifetime to hold
18 any license or registration issued under the Act or any other law relating to gambling in the
19 state, or for any activity that is under the Commission's, the Bureau's, or any successor
20 agency's jurisdiction. Respondent further agrees that he shall not provide services, directly or
21 indirectly, as a designated agent for any licensee, registrant, or applicant under the Act or any
22 other law relating to gambling in the state.

23 14. Respondent understands and agrees that following the effective date of the
24 Decision and Order issued by the Commission adopting this Stipulated Settlement, he must sell
25 any ownership interest that he has, or claims to have or had, in any gambling establishment or
26 gambling enterprise. The parties agree that such sale shall be closed within 60 days following
27 the effective date of the Decision and Order issued by the Commission adopting this Stipulated
28 Settlement. The parties understand that such 60-day period may be extended by the

1 Commission upon a showing of due diligence. Respondent acknowledges and agrees that any
2 such sale will be submitted to the Bureau for review and will require the Commission's prior
3 approval. Respondent further understands and agrees that his participation and rights in such
4 gambling establishments or gambling enterprises will be limited by the Act, including, without
5 limitation, the provisions of Business and Professions Code section 19882, subdivision (b).

6 15. Respondent agrees to pay to the Bureau an amount equal to the greater of (a)
7 \$75,000 or (b) 15 percent of the gross sales proceeds arising, directly or indirectly or
8 immediately or deferred, from the sale of his ownership interests in any gambling establishment
9 or gambling enterprise. The following applies to Respondent's agreement to pay such amount:

10 a. Gross sales proceeds will include, without limitation, any finders fee,
11 commission, compensation, or other payment that arises from or is related in any way to
12 any ownership interest that Respondent has, or claims to have or had, in any gambling
13 establishment or gambling enterprise.

14 b. The amount paid under this paragraph 15 shall be due and payable on or
15 before the earlier of (i) six months following the effective date of the Decision and
16 Order issued by the Commission adopting this Stipulated Settlement, or (ii) the closing
17 of the sale of Respondent's ownership interests in any gambling establishment or
18 gambling enterprise.

19 c. The amount paid under this paragraph 15 shall be allocated one-half to
20 penalties and one-half to reimbursement of the Bureau's costs of investigating and
21 prosecuting this proceeding until \$98,500 in costs are recovered. After \$98,500 in costs
22 have been recovered, the amount paid under this paragraph 15 shall allocated entirely to
23 penalties. The funds allocated to penalties will be deposited in accordance with
24 Business and Professions Code section 19950, subdivision (a). The funds allocated to
25 cost recovery will be paid, and will be deposited, in accordance with Business and
26 Professions Code sections 19930, subdivision (f), and 19950, subdivision (b).

27 d. The Bureau shall have a lien on the proceeds of any sale in the amount set
28 forth in this paragraph 15. Respondent shall inform any purchaser of the ownership

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interests, as well as any escrow holder in connection with such sale, of the Bureau's lien and provide a copy of the Stipulated Settlement thereto. Any sales agreement shall expressly provide for payment of the amount set forth in this paragraph 15.

16. The parties agree that this Stipulated Settlement fully resolves their dispute concerning the Accusation and Statement of Issues, and that, except upon default, no further discipline, including revocation, shall be sought against Respondent based solely upon the allegations contained within the Accusation and Statement of Issues.

17. This Stipulated Settlement shall be subject to adoption by the Commission. Respondent understands and specifically agrees that counsel for the Complainant, and the Bureau's staff, may communicate directly with the Commission regarding this Stipulated Settlement, without notice to, or participation by, Respondent or his counsel, and that no such communication shall be deemed a prohibited ex parte communication. Respondent specifically acknowledges and agrees that such communications are permissible pursuant to Government Code section 11430.30, subdivision (b).

18. By signing this Stipulated Settlement, Respondent understands and agrees that he may not withdraw his agreement or seek to rescind the Stipulated Settlement prior to the time the Commission considers and acts upon it. If the Commission fails to adopt this Stipulated Settlement as its Decision and Order, this Stipulated Settlement shall be of no force or effect, and, except for actions taken pursuant to this paragraph and paragraph 17 above, it shall be inadmissible in any legal action between the parties. The Commission's consideration of this Stipulated Settlement shall not disqualify it from any further action regarding Respondent's licensure, including, but not limited to, disposition of the Accusation and Statement of Issues by a decision and order following a hearing on the merits.

19. The parties agree that a photocopy, facsimile or electronic copy of this Stipulated Settlement, including copies with signatures thereon, shall have the same force and effect as an original.


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20. In consideration of the above admissions and stipulations, the parties agree that the Commission may, without further notice or formal proceeding, issue and enter the Decision and Order adopting this Stipulated Settlement.

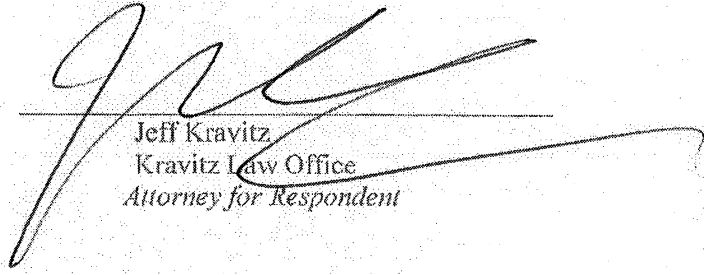
ACCEPTANCE

Respondent has carefully read and considered the above Stipulated Settlement. Respondent discussed its terms and effects with legal counsel. Respondent also understands the Stipulated Settlement and the effects it will have on Respondent's state gambling licenses and applications. Respondent further understands that his state gambling licenses will be revoked, and his applications for license will be deemed denied. Respondent further understands that he will be obligated to pay the Bureau a total sum of equal to the greater of (1) \$75,000, or (2) 15 percent of the gross sales proceeds arising, directly or indirectly or immediately or deferred, from the sale of his ownership interests in any gambling establishment or gambling enterprise. Respondent enters into this Stipulated Settlement voluntarily, knowingly and intelligently, and agrees to be bound by its terms.

Dated: ^{July 11}~~June 11~~, 2016


Robert E. Lytle

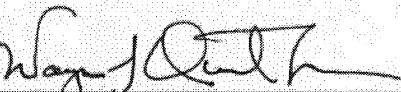
Approved as to Form:
Dated: ~~June 11~~ ^{July 11}, 2016


Jeff Kravitz
Kravitz Law Office
Attorney for Respondent

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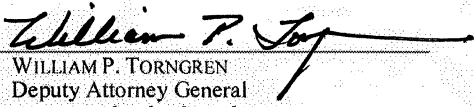
COMPLAINANT'S ACCEPTANCE

Dated: ~~June~~ ^{July 12th}, 2016


WAYNE J. QUINT, JR., Chief
Bureau of Gambling Control
California Department of Justice

The foregoing Stipulated Settlement is hereby respectfully submitted for consideration by the California Gambling Control Commission.

Dated: ~~June~~ ^{July 12}, 2016 KAMALA D. HARRIS
Attorney General of California
SARA J. DRAKE
Senior Assistant Attorney General

By: 
WILLIAM P. TORNGREN
Deputy Attorney General
Attorneys for the Complainant


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DECISION AND ORDER OF THE COMMISSION

The California Gambling Control Commission hereby adopts the foregoing Stipulated Settlement of the parties for the case of *In the Matter of the Accusation and Statement of Issues Against: Robert E. Lytle*, BGC Case No. HQ2014-00005AL, as its final Decision and Order in this matter to be effective upon execution below by its members.


IT IS SO ORDERED

Dated: 8/11/2016



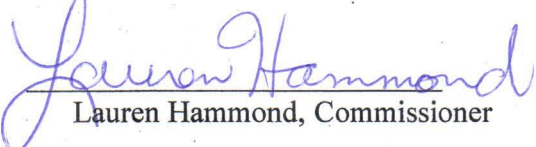
Jim Evans, Chairperson

Dated: 8/11/2016



Tiffany E. Conklin, Commissioner

Dated: 8/11/2016

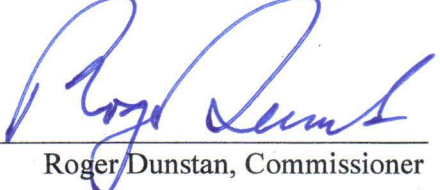


Lauren Hammond, Commissioner

Dated: _____

Trang To, Commissioner

Dated: 8/11/2016



Roger Dunstan, Commissioner