

BEFORE THE  
CALIFORNIA GAMBLING CONTROL COMMISSION

In the Matter of the Application for Approval  
of Renewal of State Gambling License for:

POKER FLATS CASINO

Respondent.

BGC Case No. BGC-HQ2017-00012SL  
CGCC Case No. CGCC-2017-0727-9D

**DECISION AND ORDER**

Hearing Date: June 12, 2018

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 June 12, 2018.

James Waian, Deputy Attorney General, State of California (DAG Waian), represented complainant Stephanie Shimazu, Director of the Bureau of Gambling Control (Bureau), Department of Justice, State of California.

Tawni Vargas, Designated Agent for Respondent Poker Flats Casino (Poker Flats), appeared on behalf of Terry Vargas, owner and sole proprietor of Poker Flats.

During the evidentiary hearing, Presiding Officer Jason Pope took official notice of the Notice of Hearing, with enclosures, and the Notice of Continued Hearing, sent by the Commission to Tawni Vargas and DAG Waian, via certified mail, on October 5, 2017 and January 31, 2018, respectively.

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

- (1) Statement of Reasons; Statement to Respondent; copies of Bus. & Prof. Code §§ 19870 & 19871; copy of Cal. Code. Regs., tit. 4, § 12060; and May 23, 2018 Certificate of Service by Overnight Mail Service, Bates Nos. CGCC000003-24;
- (2) September 7, 2017, Executed Notice of Defense, Bates Nos.

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CGCC000025-27;

- (3) Notices from the Commission, Bates Nos. CGCC000028-58:
  - a. December 12, 2016, Letter regarding Commission Decision and Order, without enclosure;
  - b. January 13, 2017, Notification of Scheduled Commission Meeting, without enclosures;
  - c. January 26, 2017, Extension of State Gambling License with a Condition;
  - d. February 1, 2017, Extension of State Gambling License with Conditions;
  - e. July 14, 2017, Notification of Scheduled Commission Meeting, without enclosures;
  - f. August 2, 2017, Referral of Terry Vargas dba Poker Flats Casino to an Evidentiary Hearing and Interim Renewal License with Conditions Issued;
  - g. October 5, 2017, Notice of Hearing, without enclosures; and
  - h. January 31, 2018, Notice of Continued Hearing;
- (4) August 17, 2017, Application for Additional Authorized Permanent Tables for Poker Flats Casino, Bates Nos. CGCC000059-63;
- (5) June 19, 2017, Bureau Addendum to the 2016 Renewal Investigation Report for Poker Flats Casino, with enclosures, Bates Nos. CGCC000064-77;
- (6) May 30, 2017, Letter from Corinne Rheinschild, Central Valley Gaming, LLC dba Turlock Poker Room & Casino, to the Bureau of Gambling Control, with enclosures, Bates Nos. CGCC000078-94;
- (7) May 15, 2017, Appointment of Designated Agent, Corinne Rheinschild, Poker Flats Casino, Bates Nos. CGCC000095-96;

- 1 (8) March 28, 2017, Letter from Frances Asuncion of the Bureau of Gambling  
2 Control to Tawni Vargas regarding State Gambling License Condition  
3 Compliance, Bates Nos. CGCC000097-100;
- 4 (9) February 28, 2017, Letter from Terry Vargas to the Bureau of Gambling  
5 Control regarding request for confirmation of receipt of documents,  
6 received March 3, 2017, Bates Nos. CGCC000101-102;
- 7 (10) December 16, 2016, Bureau of Gambling Control, Gambling Establishment  
8 and Owner Application Review, Level II, for Poker Flats Casino, with  
9 attachments, Bates Nos. CGCC000103-142;
- 10 (11) October 4, 2016, Renewal Application for State Gambling License for  
11 Poker Flats Casino, Applicant Terry Vargas, signed September 25, 2016,  
12 Bates Nos. CGCC000143-149;
- 13 (12) E-mails between Tawni Vargas and Matthew Liu, Bates Nos.  
14 CGCC000150-152; and
- 15 (13) E-mail between Christopher Walter and Matthew Liu, Bates Nos.  
16 CGCC000153-155.

17 During the evidentiary hearing, Presiding Officer Jason Pope also accepted into evidence  
18 the following exhibit offered by Tawni Vargas:

- 19 (A) Letter from Terry Vargas, dated June 11, 2018, with attachments, Bates  
20 Nos. CGCC000001-8.

21 The matter was submitted on June 12, 2018.

#### 22 FINDINGS OF FACT

- 23 1. On or about October 4, 2016, the Bureau received an Application for Renewal of State  
24 Gambling License (Application) from Terry Vargas, owner and sole proprietor of Poker Flats.  
25 Poker Flats is a four (4) table cardroom located in Merced, California.
- 26 2. On or about December 16, 2016, the Bureau submitted a Gambling Establishment and  
27 Owner Application Review for Terry Vargas to the Commission.
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1           3. At its July 27, 2017 meeting, the Commission voted to refer the consideration of Terry  
2 Vargas' Application to a Gambling Control Act evidentiary hearing. The Commission also issued  
3 to Terry Vargas an interim renewal state gambling license valid through July 31, 2019 subject to  
4 four conditions listed on the license certificate.

5           4. On or about August 15, 2017, Tawni Vargas, as Designated Agent for Terry  
6 Vargas/Poker Flats, submitted a signed Notice of Defense to the Commission requesting an  
7 evidentiary hearing on the consideration of Terry Vargas' Application. The Notice of Defense  
8 was received by the Bureau on or about September 7, 2017.

9           5. On or about October 5, 2017, the Commission sent a Notice of Hearing, via certified  
10 mail, to Tawni Vargas and DAG Waian.

11           6. On or about January 31, 2018, the Commission sent a Notice of Continued Hearing,  
12 via certified mail, to Tawni Vargas and DAG Waian.

13           7. On or about May 1, 2018, the noticed Prehearing Conference was held before  
14 Presiding Officer Jason Pope, Attorney III of the Commission. Deputy Attorney General Waian  
15 attended on behalf of the Bureau. Designated Agent Tawni Vargas attended on behalf of Terry  
16 Vargas, who also attended.

17           8. On or about May 2, 2018, the Commission sent a Conclusion of Prehearing  
18 Conference letter to Tawni Vargas and DAG Waian.

19           9. On or about May 22, 2018, the Bureau prepared a Statement of Reasons in which it  
20 recommends that the Commission deny Terry Vargas' Application. The Bureau sent the  
21 Statement of Reasons via Federal Express to Terry Vargas and Tawni Vargas.

22           10. The Commission heard CGCC Case No. CGCC-2017-0727-9D on June 12, 2018. The  
23 Bureau was represented throughout the hearing by Deputy Attorney General Waian. Designated  
24 Agent Tawni Vargas appeared on behalf of Terry Vargas.

25           11. On or about July 24, 2014, the Commission extended Terry Vargas' state gambling  
26 license through January 31, 2015 with the following six conditions:  
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- 1 (1) By September 30, 2014, the owner-licensee<sup>1</sup> shall provide the Bureau of  
2 Gambling Control (Bureau) documentation indicating that a separate,  
3 specifically designated, insured account with a licensed financial institution in  
4 an amount not less than the total value of the chips-in-use by the gaming  
5 establishment. The funds from this account may only be used to redeem chips  
6 from that gambling establishment. The account may not be used as collateral,  
7 or encumbered or hypothecated in any fashion. Alternatively, the Bureau may  
8 allow the gambling establishment to provide some other form of security  
9 acceptable to the Bureau, in lieu of maintaining the required account.  
10 If the existing chip[s]-in-use checking account is used to satisfy the above  
11 requirement, then on a quarterly basis, starting with the quarter ending on June  
12 30, 2014, the owner-licensee shall submit to the Bureau no later than 15 days  
13 from the end of the quarter, the previous quarter bank statement for its chips-  
14 in-use bank account. In addition, the previous quarter bank statements for the  
15 general checking account shall be submitted.
- 16 (2) On a quarterly basis, starting with the quarter ending on June 30, 2014, the  
17 owner-licensee shall maintain for the Bureau's review the following  
18 documents:
- 19 a. The jackpot records for the previous quarter
  - 20 b. The daily count sheets for the previous quarter
- 21 (3) The owner-licensee shall engage an accountant/bookkeeper, approved by the  
22 Bureau, to maintain accurate financial records and accounting system. The  
23 accounting system must have the ability to but not limited to generate accurate  
24 general ledger reports and produce accurate Balance Sheets and Profit & Loss  
25 Statements in a timely matter. On a quarterly basis, starting with the quarter  
26 ending on September 30, 2014, the owner-licensee shall submit to the Bureau,

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27 <sup>1</sup> Terry Vargas is the owner-licensee of Poker Flats.  
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1 quarterly Balance Sheets and Profit & Loss Statements no later than 15 days  
2 from the quarter's close. In addition, the following shall be submitted to the  
3 Bureau:

- 4 a. By September 30, 2014, the owner-licensee shall submit a letter to the  
5 Bureau from the accountant stating what changes were made to the  
6 record keeping system and confirm that the accounting system can  
7 generate financial statements to the satisfaction of the Bureau.
- 8 b. By September 30, 2014, the owner-licensee shall submit accurate  
9 Balance Sheets and Profit & Loss Statements for the periods of January  
10 1, 2012, through December 31, 2012, and January 1, 2013, through  
11 December 31, 2013.
- 12 c. By September 30, 2014, the owner-licensee shall submit federal tax  
13 returns for the years ending 2012, 2013, and annually going forward.  
14 The federal tax returns must be submitted to the Bureau within 15 days  
15 of the Federal Tax Return due date or the filing date, whichever occurs  
16 first. If an extension is filed, the owner-licensee shall submit a copy of  
17 the extension to the Bureau within 15 days of filing an extension.
- 18 d. By September 30, 2013, the owner-licensee shall submit its record  
19 keeping policies and procedures pertaining to the maintenance of the  
20 financial accounting system. The owner-licensee shall review their  
21 record keeping policies and procedures annually to ensure the accurate  
22 reflection of its record keeping process. Revisions to the record keeping  
23 policies and procedures shall be submitted to Bureau within 15 days of  
24 its effective date.

25 (4) By September 30, 2014, the owner-licensee shall provide the Bureau  
26 documentation to indicate the satisfaction of all tax lien obligations or  
27 documentation on a payment plan approved by the tax agency.  
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1 (5) The owner-license shall submit to the Bureau Applications for Gambling  
2 Establishment Key Employee License and appropriate fees for Tawni Vargas  
3 within 30 days of Commission action and for Sai Saechao within 90 days of  
4 Commission action.

5 (6) In accordance with Bureau regulation 2051, the owner-licensee shall submit to  
6 the Bureau all unmarked gambling chips currently in use at the Poker Flats  
7 Casino. In addition, the cardroom shall ensure that all uncashed chips are  
8 redeemed and provide an exact amount for the cardroom's entire chip  
9 inventory within 60 days of Commission action on the license.

10 12. On or about December 17, 2014, the Bureau submitted an updated renewal report to  
11 the Commission recommending the denial of Terry Vargas' renewal state gambling license  
12 application based upon the following:

- 13 (1) Failure to comply with the license conditions;  
14 (2) Failure to provide adequate financing to protect the public;  
15 (3) Failure to submit annual financial statements by the required due dates;  
16 (4) Failure of Terry Vargas to demonstrate that she is a person of good character;  
17 and  
18 (5) Terry Vargas' previous activities pose a threat to the public.

19 13. On or about January 22, 2015, the Commission referred Terry Vargas' renewal state  
20 gambling license application to a Gambling Control Act evidentiary hearing and issued her an  
21 interim renewal state gambling license with the same conditions valid through January 31, 2017.

22 14. The Bureau sent seven Letters of Warning from July 11, 2014 to February 9, 2016 to  
23 Tawni Vargas based upon Terry Vargas' failure to comply with license conditions and other  
24 statutory or regulatory provisions as follows:

- 25 a. July 11, 2014 for failing to have adequate financing in a designated bank  
26 account to cover the chips in use in violation of Title 11, CCR section 2053(b);  
27 b. July 11, 2014 for failing to timely submit required financial documents to the  
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1 Bureau;

- 2 c. February 3, 2015 for failing to timely submit required financial reports for the  
3 2013 calendar year to the Bureau;
- 4 d. May 13, 2015 for failing to timely pay required Gambling Addiction Program  
5 fees for 2015;
- 6 e. May 29, 2015 for failing to timely submit financial reports for the 2014  
7 calendar year to the Bureau;
- 8 f. October 20, 2015 for failing to post the current version of Poker Flats' state  
9 gambling license certificate in the cardroom; and
- 10 g. February 9, 2016 for failing to timely submit complete key employee  
11 applications for Tawni Vargas and Sai Saechao.

12 15. The Letters of Warning demonstrate that Terry Vargas has frequently failed to submit  
13 timely information and reports to the Bureau in violation of her license conditions and various  
14 statutory and regulatory provisions. However, the issues contained in each of the above Letters of  
15 Warning were eventually resolved.

16 16. On or about October 26, 2016, the Commission held a Gambling Control Act  
17 evidentiary hearing regarding Terry Vargas' renewal state gambling license application.

18 17. On or about December 8, 2016, the Commission approved Terry Vargas' renewal state  
19 gambling license application valid through January 31, 2017 with the following conditions:

- 20 (1) Terry Vargas must request a letter from the Bureau confirming that the Bureau  
21 has received all documents required to be provided to it by Terry Vargas' 2014  
22 license conditions stating which documents, if any, have not been provided.  
23 Terry Vargas must provide any outstanding documents to the Bureau within 60  
24 days of receipt of the Bureau's letter. The 60-day period may be extended if  
25 the Bureau authorizes an extension in writing.
- 26 (2) Terry Vargas must retain a Bureau approved gambling consultant for a period  
27 of at least one year. Terry Vargas must request Bureau approval of the  
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1 consultant within 90 days of this order and officially retain said consultant  
2 within 90 days of receipt of Bureau approval.

3 (3) On a monthly basis for a minimum of twelve months, the Bureau approved  
4 gambling consultant retained by Terry Vargas must provide the Bureau with a  
5 report verifying that he/she is meeting at least once a month with Terry Vargas  
6 and that Poker Flats Casino is in compliance with the Gambling Control Act  
7 and its current licensing conditions.

8 (4) On a quarterly basis, starting with the quarter ending March 31, 2017, Terry  
9 Vargas shall submit to the Bureau no later than 15 days from the end of the  
10 quarter, an update to the Bureau indicating the status of all outstanding tax  
11 obligations, including, but not limited to satisfaction of all tax obligations or  
12 documentation of a payment plan for unpaid obligations. For the purpose of  
13 this condition, quarters are defined as follows:

14 1<sup>st</sup> quarter: January 1 – March 31

15 2<sup>nd</sup> quarter: April 1 – June 30

16 3<sup>rd</sup> quarter: July 1 – September 30

17 4<sup>th</sup> quarter: October 1 – December 31

18 18. On or about January 26, 2017, the Commission extended Terry Vargas' interim  
19 renewal state gambling license with the above four (4) conditions from February 1, 2017 through  
20 July 31, 2017.

21 19. On or about February 28, 2017, Terry Vargas sent a letter to the Bureau requesting  
22 confirmation that the Bureau had received all documents required arising out of Terry Vargas'  
23 2014 license conditions.

24 20. On or about March 28, 2017, the Bureau sent a letter to Tawni Vargas which provides  
25 that Terry Vargas has failed to comply with Condition (3) on her 2014-15 state gambling license.  
26 More specifically, the Bureau states that Terry Vargas was not in compliance, or was only  
27 partially in compliance, with the subparts of Condition (3) as follows:  
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- 1 a. Terry Vargas failed to submit quarterly balance sheets and quarterly profit and  
2 loss statements for 2016 and failed to provide a letter from the  
3 accountant/bookkeeper regarding what changes were made to the record  
4 keeping system and confirming that the accounting system can generate  
5 financial statements to the satisfaction of the Bureau;
- 6 b. Terry Vargas failed to submit accurate balance sheets for the years 2012-2014;  
7 c. Terry Vargas failed to submit federal tax returns for the 2015 calendar year;  
8 and  
9 d. Terry Vargas has not submitted annual record keeping policies for the  
10 maintenance of the financial accounting system for 2017.

11 21. On or about June 1, 2017, the Bureau issued a Letter of Warning to Terry Vargas for  
12 failing to provide required financial reports for the 2016 calendar year. Tawni Vargas  
13 acknowledged in a letter received by the Bureau on June 6, 2017 that the balance sheets for the  
14 2016 calendar year were inaccurate.

15 22. Terry Vargas violated Condition (1) on her current interim renewal state gambling  
16 license by failing to provide the outstanding documents requested by the Bureau within 60 days  
17 of receipt of the Bureau's March 28, 2017 letter. This violation of her license condition  
18 demonstrates a continued failure to timely submit information and documents to the Bureau.

19 23. At its July 27, 2017 meeting, the Commission voted to refer the consideration of Terry  
20 Vargas' Application to a Gambling Control Act evidentiary hearing and issued her an interim  
21 renewal state gambling license valid from August 1, 2017 to July 31, 2019, subject to the same  
22 four conditions that were placed on her previous interim renewal state gambling license, which  
23 was effective from February 1, 2017 to July 31, 2017.

24 24. On or about June 11, 2018, Terry Vargas sent a letter to the Commission  
25 acknowledging the following: (1) that Tawni Vargas did not understand various disclosure rules  
26 regarding the status of the satisfaction of Terry Vargas' tax obligations or payment plan for  
27 unpaid obligations; (2) that she did not realize the need to report that there were no changes to the  
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1 annual record keeping policies for the maintenance of the financial accounting system for 2017;  
2 (3) that Tawni Vargas is remorseful and takes full responsibility; and (4) that Poker Flats had  
3 “misgivings” and was untimely in compliance matters.

4 25. During the evidentiary hearing, Tawni Vargas testified that she had difficulty meeting  
5 deadlines and finding an accountant/bookkeeper. She also testified that she was “in over her  
6 head” and admitted that she was often untimely in submitting documents to the Bureau. Tawni  
7 Vargas was apologetic and provided candid and credible testimony during the evidentiary  
8 hearing.

9 26. Terry Vargas also testified during the evidentiary hearing. She acknowledged that  
10 Tawni Vargas had difficulty in timely submitting complete information and documentation to the  
11 Bureau. She also testified regarding the history of her family’s ownership of Poker Flats Casino.  
12 Terry Vargas was candid and remorseful and provided credible testimony during the evidentiary  
13 hearing.

14 27. The principle reason for Terry Vargas’ violation of Condition (1) on her current state  
15 gambling license, and her repeated failure to submit timely disclosures to the Bureau, is her own  
16 inexperience and incompetence, as well as an inappropriate delegation of responsibility for  
17 ensuring compliance with license conditions, the Gambling Control Act (Act), and Commission  
18 and Bureau regulations, to Designated Agent Tawni Vargas. Tawni Vargas was not qualified or  
19 capable of ensuring compliance with license conditions, the Act, or Commission and Bureau  
20 regulations.

21 28. Terry Vargas’ failures to timely submit complete and accurate disclosures to the  
22 Bureau, and her failure to comply with license conditions, the Act, and Commission and Bureau  
23 regulations, is not based on, and therefore does not reflect poorly upon, her character, honesty, or  
24 integrity. Through her honest and credible testimony, including her acknowledgment that Poker  
25 Flats had “misgivings” and was generally untimely in compliance matters, and the lack of any  
26 evidence demonstrating otherwise, Terry Vargas has met her burden of demonstrating that she is  
27 a person of good character, honesty, and integrity.  
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1           29. Terry Vargas' incompetence and prior activities and habits of hiring and relying upon  
2 employees who are not qualified or capable of ensuring compliance with license conditions, the  
3 Act, and Commission and Bureau regulations, do not pose a threat to the public interest of this  
4 state, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and  
5 activities in the conduct of controlled gambling, or in the carrying on of the business and financial  
6 arrangements incidental thereto, but only through strict compliance with the following conditions,  
7 which are necessary to protect the public and ensure the effective regulation and control of  
8 controlled gambling:

9           License Conditions:

- 10           1. Terry Vargas must divest a controlling interest in Poker Flats Casino within 6  
11           months of the effective date of this Decision and Order. Prior to the expiration  
12           of the 6 month period, Terry Vargas may request, in writing to the  
13           Commission, a single extension of time for 6 months to complete the  
14           divestiture. The Commission has the authority to grant the extension for any  
15           cause deemed reasonable by the Commission.
- 16           2. Terry Vargas must hire a key employee to manage the operations of Poker  
17           Flats Casino within 60 days of the effective date of this Decision and Order.  
18           This key employee must be retained until Terry Vargas has divested her  
19           controlling interest in Poker Flats Casino. This key employee must possess a  
20           full key employee license, not an interim key employee license or an interim  
21           renewal key employee license.
- 22           3. Terry Vargas must not have any involvement in the operation of Poker Flats  
23           Casino other than hiring the key employee referenced in Condition 2.
- 24           4. On the first day of each month, until Terry Vargas no longer has a controlling  
25           ownership interest in Poker Flats Casino, the non-interim key employee  
26           referenced in Condition 2 will provide a report to the Bureau verifying that  
27           Poker Flats Casino is in compliance with these license conditions, the  
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1 Gambling Control Act, and Commission and Bureau regulations.

2 30. There was no evidence presented that Terry Vargas is disqualified from licensure for  
3 any of the reasons provided in Business and Professions Code section 19859.

4 31. All documentary and testimonial evidence submitted by the parties that is not  
5 specifically addressed in this Decision and Order was considered but not used by the Commission  
6 in making its determination on Terry Vargas' Application.

7 32. The matter was submitted for Commission consideration on June 12, 2018.

8 LEGAL CONCLUSIONS

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

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

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

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

24 37. The Commission has the power to deny any application for a license, permit, or  
25 approval for any cause deemed reasonable by the Commission. Business and Professions Code  
26 section 19824(b).

27 38. The Commission has the power to limit, condition, or restrict any license for any cause  
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1 deemed reasonable by the Commission. Business and Professions Code section 19824(b).

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

5 40. 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 41. 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 42. At an evidentiary hearing pursuant to Business and Professions Code sections 19870  
11 and 19871 and CCR section 12060(b), the burden of proof rests with the applicant to prove his or  
12 her qualifications to receive any license under the Gambling Control Act. CCR section 12060(i).

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

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

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

27 46. Terry Vargas has met her burden of proving that she is a person of good character,  
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1 honesty and integrity. Therefore, Terry Vargas is qualified to receive a state gambling license  
2 pursuant to Business and Professions Code section 19857(a).

3 47. Terry Vargas has met her burden of proving that, with appropriate conditions, she is a  
4 person whose prior activities, criminal record, if any, reputation, habits, and associations do not  
5 pose a threat to the public interest of this state, or to the effective regulation and control of  
6 controlled gambling, or create or enhance the dangers of unsuitable, unfair, or illegal practices,  
7 methods, and activities in the conduct of controlled gambling or in the carrying on of the business  
8 and financial arrangements incidental thereto under the conditions imposed by the Commission  
9 on her state gambling license pursuant to this Decision and Order. Therefore, Terry Vargas is  
10 qualified to receive a state gambling license pursuant to Business and Professions Code section  
11 19857(b), but only through strict compliance with the following conditions:

12 License Conditions:

- 13 1. Terry Vargas must divest at least a controlling interest in Poker Flats Casino  
14 within 6 months of the effective date of this Decision and Order. Prior to the  
15 expiration of the 6 month period, Terry Vargas may request, in writing to the  
16 Commission, a single extension of time for 6 months to complete the  
17 divestiture. The Commission has the authority to grant or deny the extension  
18 for any cause deemed reasonable by the Commission.
- 19 2. Terry Vargas must hire a key employee to manage the operations of Poker  
20 Flats Casino within 30 days of the effective date of this decision. This key  
21 employee must possess a full key employee license, not an interim key  
22 employee license or an interim renewal key employee license.
- 23 3. Terry Vargas must not have any involvement in the operation of Poker Flats  
24 Casino other than hiring the key employee referenced in Condition 2.
- 25 4. On the first day of each month, until Terry Vargas no longer has a controlling  
26 ownership interest in Poker Flats Casino, the non-interim key employee  
27 referenced in Condition 2 will provide a report to the Bureau verifying that  
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1           1. Respondent Terry Vargas' Application for Renewal of State Gambling License is  
2 APPROVED WITH CONDITIONS, as follows:

- 3           1. Terry Vargas must divest a controlling interest in Poker Flats Casino within 6  
4           months of the effective date of this Decision and Order. Prior to the expiration  
5           of the 6 month period, Terry Vargas may request, in writing to the  
6           Commission, a single extension of time for 6 months to complete the  
7           divestiture. The Commission has the authority to grant the extension for any  
8           cause deemed reasonable by the Commission.
- 9           2. Terry Vargas must hire a key employee to manage the operations of Poker  
10           Flats Casino. This key employee must possess a full key employee license, not  
11           an interim key employee license or an interim renewal key employee license.
- 12           3. Terry Vargas must not have any involvement in the operation of Poker Flats  
13           Casino other than hiring the key employee referenced in Condition 2.
- 14           4. On the first day of each month, until Terry Vargas no longer has a controlling  
15           ownership interest in Poker Flats Casino, the non-interim key employee  
16           referenced in Condition 2 will provide a report to the Bureau verifying that  
17           Poker Flats is in compliance with these license conditions, the Gambling  
18           Control Act, and Commission and Bureau regulations.

19           2. No costs are to be awarded.

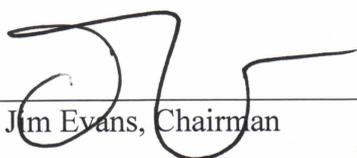
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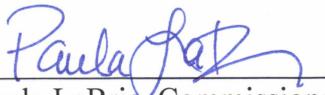
3. Each side to pay its own attorneys' fees.

This Order is effective on July 25, 2018.

Dated: 7/25/18

Signature:   
Jim Evans, Chairman

Dated: 7/25/18

Signature:   
Paula LaBrie, Commissioner

Dated: 7-25-18

Signature:   
Trang To, Commissioner