1 **BEFORE THE** 2 CALIFORNIA GAMBLING CONTROL COMMISSION 3 In the Matter of the Application for Third-Party CGCC Case Nos. CGCC-2021-1118-9Cii 4 **Proposition Player Services License** BGC Case No. BGC-HQ2021-00038SL Regarding: 5 **DECISION AND ORDER** TRACI PRESTON 6 Hearing Date: March 22, 2022 7 10:00 a.m. Time: Applicant. 8 9 This matter was heard by the California Gambling Control Commission (Commission) 10 pursuant to Business and Professions Code sections 19870 and 19871 and Title 4, California 11 Code of Regulations (CCR) section 12060, in Sacramento, California, and held via Zoom video 12 conference, on March 22, 2022. 13 Noel Fischer, Deputy Attorney General, State of California (DAG Fischer), represented 14 complainant Yolanda Morrow, Acting Director of the Bureau of Gambling Control (Bureau), 15 Department of Justice, State of California. 16 Applicant Traci Preston (Preston) appeared on her own behalf. Also in attendance was her 17 Designated Agent, Megan Burnett. 18 During the evidentiary hearing, Presiding Officer Russell Johnson (Presiding Officer) took 19 official notice of the following documents: the Commission's Notice and Agenda of Commission 20 Hearing, the Commission's Conclusion of Prehearing Conference letter, the Commission's Notice 21 of Hearing with two attachments: (a) Preston's Application for Employee Category License and 22 (b) the Bureau's Third-Party Worker Initial Background Investigation Report, Level III, with 23 attachments; the Bureau's Statement of Reasons, and Preston's signed Notice of Defense. 24 Pursuant to a stipulation between the parties, the Presiding Officer accepted into evidence 25 Exhibits 1 through Exhibit 13 offered by the Bureau, which contain bates numbering BGC 001-26 140 with a Table of Contents that separately identifies each document. Also pursuant to the 27 stipulation, the Presiding Officer accepted into evidence Applicant's Exhibit A, which contains 28 1

Bates numbering APP001-APP005 and includes letters of reference from the following individuals: 1) Kathleen Morgan; 2) Shannon Edmonds; 3) Nancy Vera; 4) Alex Gonzales; and 5) Ben Mehrag.

The record closed and the matter was submitted on March 22, 2022.

FINDINGS OF FACT

Procedural History

- On April 26, 2021, the Commission issued a Third-Party Worker Temporary License, Number TPWK-000565 to Preston in relation to her employment with Knighted Ventures, LLC, (Knighted), a licensed third-party proposition player services provider.
- 2. On March 22, 2021, the Bureau received Preston's initial Application for Employee Category License, together with a Commission Work Permit or Third-Party Proposition Player Services Worker Supplemental Information form (Supplemental) to allow for her continued employment with Knighted (collectively referred to as the "Application").
- 3. On or about September 10, 2021, the Commission received a Third-Party Worker Investigation Report, Level III, recommending that Preston's Application be denied on the basis that she did not disclose on the Application: 1) that she was terminated from Westlane Restaurant (Westlane); 2) her prior employment or termination with Fat's Bar and Grill (Fat's), and 3) that she was convicted of two misdemeanors.
- 4. At its November 18, 2021 meeting, the Commission referred consideration of Preston's Application to a Gambling Control Act (GCA) evidentiary hearing to be held pursuant to CCR section 12060.
- 5. On or about December 2, 2021, the Commission received a Notice of Defense form signed by Preston and requesting an evidentiary hearing on the consideration of her Application.
- 6. On or about January 21, 2022, the Commission sent a Notice of Hearing to Preston and DAG Fischer, providing that an evidentiary hearing would be held before the Commission on March 22, 2022.
 - 7. On February 7, 2022, the Commission received the Bureau's Statement of Reasons. In

the Statement of Reasons, the Bureau requests that the Commission deny Preston's Application for the same reasons provided for the recommendation of denial contained in the Bureau Report.

Preston's Criminal History

- 8. On July 15, 1995, Preston was convicted of a misdemeanor violation for driving under the influence (DUI) on July 15, 1995. Due to the age of the case, the Bureau was unable to obtain any records regarding this conviction.¹
- 9. On December 13, 2013, Preston was convicted upon a plea of no contest to a misdemeanor violation of California Vehicle Code section 23103, subdivision (a), reckless driving on a highway. Preston was sentenced to three years of probation, ordered to complete a 12-hour DUI education course, and pay a fine.
- 10. On July 3, 2019, Preston was convicted upon a plea of nolo contendere of a misdemeanor violation of California Vehicle Code section 23152, subdivision (b), DUI with a BAC of .08 or higher. Preston was sentenced to install an ignition interlock device on any vehicle she owned or an alcohol monitoring device directed by a case manager for a period of one year. Preston was also sentenced to 20 days in jail, and ordered to pay restitution and a fine.

Preston's Employment History in Controlled Gambling

- 11. Preston has worked in controlled gaming since March 2021 when she was employed by Knighted Ventures, LLC (Knighted) as a Gaming Associate, with her primary duties involving monitoring games, making payouts, and observing games for errors and cheating.
- 12. Preston previously worked for Limelight Cardroom from June 1, 2017 to March 15, 2020 in a server position. Preston's duties included greeting guests, and serving food, drinks, and cocktails. Preston held a work permit issued by the City of Sacramento for this employment. Preston was laid off from Limelight during the Covid-19 pandemic.
- 13. Preston also worked at Westlane, which is located within Kings Card Club, from February 11, 2015 to May 30, 2017, in a variety of positions, including as a server and bartender. Preston held a work permit issued by the City of Stockton for this employment. Preston was

¹ This conviction is not included in the Bureau's Report or Statement of Reasons as a basis for denial. However, Preston disclosed this conviction on the Application.

terminated from her position at Westlane, as discussed in the next section.

Failure to Disclose Derogatory Employment Information on the Application

14. Preston signed the Supplemental portion of the Application under penalty of perjury on or about March 10, 2021, and stated therein that she previously worked at Westlane first as the Executive Chef, and later as the Catering & Banquets Coordinator, bartender, and lead server. Preston wrote on the Application that her reason for leaving employment with Westlane was that she "moved on to Limelight to help restructure [sic] kitchen and advise for new remodel."

15. During the course of the background investigation on the Application, the Bureau received an employment verification form for Preston's employment at Westlane. The form was signed on July 1, 2021 by Jennifer Gonsalez, HR, and stated that Preston's reason for separation was involuntary based on work performance, violation of company policy, sleeping on the job, and poor customer service. Additionally, the Bureau also learned that Preston had previously worked at Fat's Bar and Grill (Fat's) as a Kitchen Manager and was also terminated from that position. Preston's employment at Fat's was not disclosed on the Application.

Derogatory Employment History-Fat's

16. The Bureau sent Preston a letter on July 1, 2021, requesting that she provide employment history for the period of March 2011 to May 2013 and from April 2020 to September 2020, including the reason for leaving each place of employment.

17. On July 15, 2021, Preston provided the Bureau with a signed statement identifying her employment with Fat's as a Kitchen Manger from March 2011 to January 2013. Preston indicated that the owner "let me go 1/2/13." Preston included the owner's name and contact information.

18. On July 15, 2021, the Bureau requested that Preston provide a written statement explaining the reasons for her termination from Fat's and why she did not disclose that position on the Application.

19. On July 16, 2021, Preston submitted a written response to the Bureau dated July 16, 2021, which described in detail the circumstances leading to her termination from Fat's. Preston wrote that she and the owner had several conversations about Preston's hourly wage and her

desire for a raise to account for an increase in responsibilities. The owner did not agree to increase Preston's wage. Thereafter, the owner felt Preston was no longer happy in the position. The owner terminated Preston, but told her to file for unemployment and that he appreciated all she had done to build the business and that she could use him as a reference.

- 20. On July 19, 2021, the Bureau inquired why Preston failed to disclose the termination from Fat's on her Application.
- 21. On July 22, 2021, Preston provided an additional statement which again explained the circumstances leading to her termination from Fat's. However, she did not clearly identify a reason for not disclosing this employment on her Application. The content of this written statement was consistent with Preston's prior July 16, 2021, statement, but provided some additional details.
- 22. Preston's testimony at the hearing regarding the circumstances of her termination from Fat's was consistent with the information contained in her prior written statements to the Bureau. Preston testified that she started at Fat's as a cook and was promoted to Kitchen Manager. Preston was terminated after unsuccessfully attempting to negotiate a salary increase from the owner. However, the separation was amicable and the owner provided Preston with a character reference letter that was admitted into evidence in this proceeding.
- 23. Preston testified that her failure to include her employment at Fat's on the Application was purely an oversight. Preston testified that she possibly thought the employment was outside of the ten year period requested or possibly did not have enough space to include it. Although Preston could not explain the exact reason she did not include Fat's in her employment history, she was certain that it was by mistake. Preston testified that she is very proud of her work at Fat's and it is foundational to her work and life in Stockton and she would never try to hide it. Preston testified that she has a lot of contacts, friends, and associates through that job and remains in good standing with the owner.

Derogatory Employment History-Westlane

24. On July 15, 2021, the Bureau sent a letter to Preston stating that the employment

verification form received from Westlane reported that Preston's separation was involuntary. The Bureau asked Preston to provide a written statement explaining the circumstances that led to her termination from Westlane and why she failed to disclose the termination on the Application.

25. On July 16, 2021, Preston submitted a written response to the Bureau describing the circumstances leading to her termination from Westlane and her reasons for not disclosing it on the Application. Applicant wrote that she was the shift lead during a Saturday shift and was also bartending and serving with only one other server on duty. Preston began to experience hot flashes and nausea during her shift and texted a manager to ask if another manager could come into relieve her. Preston was told that no one could relieve her. Preston was afraid that she would lose her balance and fall, so she sat and then laid on a case of water at the end of the bar where she would be able to see if anyone came into the room. Preston notified her manager that she was sitting in the "pass through" at the end of the bar to maintain her balance. Luckily, it was a slow time of day with few patrons. Preston eventually recovered and finished her shift without assistance from management. A few days later, Preston was terminated. Preston stated that "the reason I did not state this before is because I was avoiding pointing out that their reason for letting me go (sitting at the counter pass-through while preventing passing out from menopause hot flashes) doesn't seem valid."

26. Applicant's testimony at the hearing was consistent with her July 16, 2021, statement. Preston testified that after her manager told her that another manager would not be sent to relieve her, Preston told her manager that she was sitting in the bar pass-through area, which was not allowed, because of her hot flashes. Preston knew that this episode would be on camera, which is why she wanted to let management know that she had to lay down. When Preston received the termination paperwork, it stated that she was sleeping on the job, which was inaccurate. Preston asked Westlane management to rescind the termination and suspend her instead based on the fact that she had had a long history there and she loved the job, but they declined.

27. Preston admitted at the hearing that she provided incorrect information on the Application when she wrote that her reason for leaving employment at Westlane was that she

"moved on" to work at Limelight. Preston felt that the reasons for her termination were not sound because she had not been sleeping on the job and she had clearly told her manager about her condition and asked if someone could relieve her. Management did not offer any assistance or alternatives to Preston. Preston testified that she should have held herself more accountable and indicated that she was terminated on the Application and not made it sound as if she voluntarily left. Preston was extremely apologetic in her testimony.

Assessment of Disqualification Criteria under Business and Professions Code section 19859

- 28. The Statement of Reasons alleges as a first cause for denial that Preston is disqualified from licensure based on the fact that she supplied untrue or misleading information on the Application.
- 29. Section 19859 provides, in part, that the commission *shall* deny a license to any applicant who is disqualified for failure to provide information, documentation, and assurances required by the GCA or requested by the Bureau, or failure of the applicant to reveal any fact material to qualification, or the supplying of information that is untrue or misleading as to a material fact pertaining to the qualification criteria.
- 30. There are two significant areas of concern regarding Preston's suitability for licensure under Section 19859 based on failure to disclose on the Application (1) her employment with and termination from Fat's; and (2) her termination from Westlane.
- 31. Applications for licensure by the Commission are submitted on forms furnished by the Bureau. An applicant for licensing shall make full and true disclosure of all information to the Bureau and Commission as necessary to carry out the policies of this state relating to licensing and control of gambling.
- 32. The Application filled out by Preston consists of two parts. The first part is three pages and consists of four sections, including instructions, applicant information, and job title/description. The application's instructions provide that all "responses must be truthful and complete." The Application's instructions also provide that "any misrepresentation or failure to disclose required information or documentation may constitute cause for denial of the application

or discipline of the license."

- 33. The second part of an application is the Supplemental, which requests detailed employment history from the applicant, amongst other things. The final page of the Supplemental contains a Declaration which Preston signed under the penalty of perjury, that the statements contained therein are true, accurate, and complete.
- 34. All of the information requested on the Application has been considered through the legislative and regulatory processes and determined necessary in order for the Commission to discharge its duties properly. An applicant is neither expected, nor permitted, to determine the importance of the information requested, and instead is required to provide full and complete information as requested.
- 35. The Bureau relies, in large part, on the applicant's disclosures while conducting a background investigation. The failure to accurately disclose complete information on an application subverts the Bureau's efforts to conduct a thorough and complete investigation. Both the substance of an applicant's disclosures, and the truthfulness and thoroughness of an applicant's disclosures, are considered by the Bureau in making a recommendation as to the applicant's suitability for licensure, and by the Commission in making a determination whether to approve or deny a license application.
- 36. The Commission found Preston's testimony to be credible that her failure to include her employment at Fat's on the Application was not intentional. The Bureau asked Preston on July 1, 2021, to provide employment history from March 2011 to May 2013 and from April 2020 to September 2020, including the reason for leaving each employment. The Bureau did not specifically mention Fat's in this correspondence. Thereafter, Preston truthfully responded to the Bureau's inquiry and disclosed that she worked at Fat's and was "let go." Preston also provided an accurate and thorough summary of the circumstances leading to her termination.
- 37. Preston did not intentionally withhold the information regarding her employment at Fat's on the Application. Therefore, Preston's failure to disclose her prior employment and termination from Fat's was not an intentional failure to disclose information to the Bureau and is

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therefore not a basis for denial of Preston's Application.

- 38. However, the Commission finds that Preston intentionally supplied information that was untrue or misleading regarding her termination from Westlane, which disqualifies her from licensure and requires that her application be denied.
- 39. Preston wrote on the Application that her reason for leaving employment with Westlane was that she "moved on to Limelight to help restructure [the] kitchen and advise for new remodel." While the information regarding what type of work Preston did when she began working at Limelight was accurate, her response was untrue and misleading because it implied that she voluntarily left her employment at Westlane. While the reasons given by the employer for the termination may have been specious or based on an inaccurate characterization of Preston's conduct, Preston was still required to truthfully respond to the inquiry on the Application regarding her reasons for leaving her employment with Westlane. The Commission is including a provision in the Order allowing Preston to immediately reapply for licensure and hopefully she will provide accurate and thorough employment history on any future applications. Assessment of Qualification for Licensure under Business and Professions Code section

19857

- 40. The Statement of Reasons alleges as a second cause for denial that Preston is unsuitable for licensure due to her criminal history. Section 19857 provides, in part, that no gambling license shall be issued unless the commission is satisfied that the applicant is a person of good character, honesty, and integrity and whose prior activities, criminal record, if any, reputation, habits, and associations do not pose a threat to the public interest of this state, or to the effective regulation and control of controlled gambling.
- 41. While Preston's criminal history is concerning, it does not lead to the conclusion that she is not qualified for licensure under Section 19857. Preston testified that at the time of her two most recent convictions, she was an alcoholic. Almost immediately after the events that led to Preston's 2019 conviction, she voluntarily attended a 30-day program to help her stop drinking. Preston has not had a drink since. Preston testified that she needed to "get herself right" because

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drinking was not solving any of her problems, only creating them.

- 42. On May 7, 2019, Preston began attending Alcoholics Anonymous (AA). Preston also attended an 18-month program of DUI classes, which were court ordered. Preston still regularly attends AA meetings. Preston testified that her recovery leads her to better decision making and she strives to make better choices every day.
- 43. Preston's dedication to recovery from alcoholism is commendable and further evidence of her good character and integrity. The fact that Preston sought treatment for her alcoholism and began attending AA prior to being convicted of a crime and not pursuant to a court order is especially impressive. Preston has shown that she is dedicated to sobriety.
- 44. Additionally, Preston offered five character reference letters that were admitted into evidence at the hearing. The first is a letter from Kathleen Morgan. Ms. Morgan has known Preston for six years and met her while working at Westlane. Ms. Morgan wrote that Preston worked every job title that you could have in the Food and Beverage Department at Westlane. Preston is hardworking, creative, passionate, genuine, and has a positive attitude.
- 45. The second letter is by Shannon Edmonds. Ms. Edmonds has known Preston for nine years. Ms. Edmonds wrote that Preston has a bright personality, is ambitious, motivated, has excellent communication skills, and offers unparalleled customer service. Preston testified that Ms. Edmonds was her coworker at Fat's.
- 46. The third letter is by Nancy Vera. Ms. Vera wrote that she has known Preston for five years and feels that she will be an excellent addition to any team. Preston testified that Ms. Vera was a patron of King's Card Room when Preston worked at Westlane.
- 47. The fourth letter is by Alexander Gonzales, the former Head Chef at Westlane. Mr. Gonzales has known Preston for approximately seven years. Mr. Gonzales wrote that Preston takes pride in her work, is a multi-tasker when needed, shows up earlier than asked, works hard, is a natural leader, is polite and respectable, and offers good customer service.
- 48. The fifth letter is by Ben Meharg, the former owner of Fat's. Mr. Meharg wrote that Preston was formerly the Kitchen Manager at Fat's. Mr. Meharg wrote that Preston demonstrated

a commitment for carrying out her duties and contributing to the team, and she displayed immense interest and knowledge in her work. Preston worked closely with the team and Mr. Meharg to ensure the quality and consistency of the food was at its best.

- 49. Preston's character references indicate that she is a hard worker with excellent customer service skills and is a dedicated and knowledgeable employee. The letters indicate that Preston is a person of good character, honesty, and integrity.
- 50. All documentary and testimonial evidence submitted by the parties that is not specifically addressed in this Decision and Order was considered but not used by the Commission in making its determination on Preston's Application.

LEGAL CONCLUSIONS

- 51. Division 1.5 of the Business and Professions Code, the provisions of which govern the denial of licenses on various grounds, does not apply to licensure decisions made by the Commission under the Gambling Control Act. Business and Professions Code section 476(a).
- 52. Public trust and confidence can only be maintained by strict and comprehensive regulation of all persons, locations, practices, associations, and activities related to the operation of lawful gambling establishments and the manufacture and distribution of permissible gambling equipment. Business and Professions Code section 19801(h).
- 53. The Commission has the responsibility of assuring that licenses, approvals, and permits are not issued to, or held by, unqualified or disqualified persons, or by persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare. Business and Professions Code section 19823(a)(1).
- 54. An "unqualified person" means a person who is found to be unqualified pursuant to the criteria set forth in Section 19857, and "disqualified person" means a person who is found to be disqualified pursuant to the criteria set forth in Section 19859. Business and Professions Code section 19823(b).
- 55. The Commission has the power to deny any application for a license, permit, or approval for any cause deemed reasonable by the Commission. Business and Professions Code

section 19824(b).

- 56. The Commission has the power to take actions deemed to be reasonable to ensure that no ineligible, unqualified, disqualified, or unsuitable persons are associated with controlled gambling activities. Business and Professions Code section 19824(d).
- 57. At an evidentiary hearing pursuant to Business and Professions Code sections 19870 and 19871 and CCR section 12060(b), the burden of proof rests with the applicant to prove his or her qualifications to receive any license under the GCA. 19856(a), CCR section 12060(i).
- 58. No gambling license shall be issued unless, based on all of the information and documents submitted, the commission is satisfied that the applicant is a person of good character, honesty, and integrity. Business and Professions Code section 19857(a).
- 59. No gambling license shall be issued unless, based on all of the information and documents submitted, the commission is satisfied that the applicant is a person whose prior activities, criminal record, if any, reputation, habits, and associations do not pose a threat to the public interest of this state, or to the effective regulation and control of controlled gambling, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of controlled gambling or in the carrying on of the business and financial arrangements incidental thereto. Business and Professions Code section 19857(b).
- 60. A temporary license will be associated with an application for an initial license. Upon issuance or denial of an initial license by the Commission, the temporary license will become void and cannot be used thereafter pursuant to CCR section 12122(a) and (d).
- 61. An application for a license will be denied if the Commission finds that the applicant has not satisfied the requirements of Business and Professions Code section 19859. CCR section 12040(a)(1).
- 62. The Commission shall deny a license to any applicant who is disqualified for failure of the applicant to provide information, documentation, and assurances required by this chapter or requested by the chief, or failure of the applicant to reveal any fact material to qualification, or the supplying of information that is untrue or misleading as to a material fact pertaining to the

qualification criteria. Business and Professions Code section 19859(b). 63. Preston provided information that is untrue or misleading as to a material fact pertaining to the qualification criteria on the Application by not disclosing that she was terminated from Westlane. As a result, Preston is disqualified for licensure pursuant to Business and Professions Code section 19859(b) and therefore her Application must be denied pursuant to CCR section 12040(a)(1). 64. In addition, as the Application is subject to denial, Applicant's temporary license is void pursuant to CCR section 12122(d) and cannot be used hereafter. /// ///

1 NOTICE OF APPLICANT'S APPEAL RIGHTS 2 Preston has the following appeal rights available under state law: 3 CCR section 12064, subsections (a) and (b) provide, in part: (a) After the Commission issues a decision following a GCA hearing conducted 4 pursuant to Section 12060, an applicant denied a license, permit, registration, or finding of suitability, or whose license, permit, registration, or finding of 5 suitability has had conditions, restrictions, or limitations imposed upon it, may request reconsideration by the Commission. A request for reconsideration must 6 7 (1) Made in writing to the Commission, copied to the Complainant. The Bureau may provide a written response to the Commission within 10 calendar days 8 of receipt of the request; and (2) Received by the Commission and Complainant within 30 calendar days of 9 service of the decision, or before the effective date specified in the decision, whichever is earlier. 10 11 (b) A request for reconsideration must state the reasons for the request, which must be based upon either: 12 (1) Newly discovered evidence or legal authorities that could not reasonably have been presented before the Commission's issuance of the decision or at the 13 hearing on the matter; or, 14 (2) Other good cause which the Commission may decide, in its sole discretion, merits reconsideration. 15 Business and Professions Code section 19870, subdivision (e) provides: 16 A decision of the commission denying a license or approval, or imposing any 17 condition or restriction on the grant of a license or approval may be reviewed by petition pursuant to Section 1085 of the Code of Civil Procedure. Section 1094.5 18 of the Code of Civil Procedure shall not apply to any judicial proceeding described in the foregoing sentence, and the court may grant the petition only if the court 19 finds that the action of the commission was arbitrary and capricious, or that the action exceeded the commission's jurisdiction. 20 CCR section 12066, subsection (c) provides: 21 A decision of the Commission denying an application or imposing conditions on 22 license shall be subject to judicial review as provided in Business and Professions Code section 19870, subdivision (e). Neither the right to petition for judicial 23 review nor the time for filing the petition shall be affected by failure to seek 24 reconsideration. 25 /// 26 /// 27 28 14

1 **ORDER** 2 Traci Preston's Application for Third-Party Proposition Player Services License is 1. 3 DENIED. 4 2. Traci Preston's Third-Party Worker Temporary License, Number TPWK-000565 5 is void and cannot be used hereafter. 6 3. Traci Preston may immediately reapply for a license or work permit. 7 4. No costs are awarded. 8 5. Each side to pay its own attorneys' fees. 9 10 This Order is effective on June 27, 2022. 11 Dated: 5/26/2022 12 Signature: 13 Paula LaBrie, Chair 14 Dated: 5/26/2022 15 Signature: 16 Cathleen Galgiani, Commissioner 17 DocuSigned by: Dated: 5/26/2022 Eric Heins 18 Signature: 19 Eric Heins, Commissioner 20 DocuSigned by: Dated: 5/26/2022 William Liu 21 Signature: 22 William Liu, Commissioner 23 Dated: 5/26/2022 24 Signature: 25 Edward Yee, Commissioner 26 27 28 15

Decision and Order, CGCC Case Nos.: CGCC-2021-1118-9Cii