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10 **BEFORE THE**
11 **CALIFORNIA GAMBLING CONTROL COMMISSION**
12 **STATE OF CALIFORNIA**

15 **In the Matter of the Accusation Against:**

16 **Angela K. Harris**, license number GEOW-
17 001069, sole proprietor, and doing business as:
18 **Casino 99, fka Angie's Poker Club,**
(GEGE-000438)

19 175 East 20th Street, Suite 150
20 Chico, California 95928

21 and

22 **Gary Harris**, license number GEOW-001070,
community property interest holder in **Casino**
23 **99**

24 175 East 20th Street, Suite 150
Chico, California 95928

25
26 **Respondents.**

BGC Case No. HQ2020-00001AC

OAH No.

ACCUSATION

1 Complainant alleges as follows:

2 **PARTIES**

3 1. Stephanie Shimazu (Complainant) brings this accusation solely in her official
4 capacity as the Director of the California Department of Justice, Bureau of Gambling Control
5 (Bureau).

6 2. Respondent Angela K. Harris (Ms. Harris), state gambling license number
7 GEOW-001069, owns Casino 99, license number GEGE-000438. Casino 99 is an 8-table card
8 room presently operating in Chico, California.¹

9 3. Respondent Gary Harris (Mr. Harris), state gambling license number GEOW-
10 001070, is a community property interest holder in Casino 99.²

11 4. Mrs. Harris and Mr. Harris are referred to collectively as “Respondents.”

12 5. The California Gambling Control Commission (Commission) issued the above-
13 described licenses to Respondents pursuant to the Gambling Control Act (Act) (Bus. & Prof.
14 Code, § 19800 et seq.).

15 **JURISDICTION, STANDARD OF PROOF, AND COST RECOVERY**

16 6. The Commission has jurisdiction over the operation and concentration of
17 gambling establishments and all persons and things having to do with the operation of gambling
18 establishments. (Bus. & Prof. Code, § 19811, subd. (b).)³ The Commission has all powers
19 necessary and proper to carry out the Act’s policies and purposes, including the powers to
20 discipline licensees and to take actions to ensure that no ineligible, unqualified, disqualified, or
21 unsuitable persons are associated with controlled gambling activities. (Bus. & Prof. Code, §§
22 19823, subd. (a)(1) & 19824, subds. (b) & (d).)

23 ¹ Ms. Harris was initially registered to own and operate Casino 99 on September 15,
24 1997, under the Gaming Registration Act (former Bus. & Prof. Code, § 19800 et seq.). The
25 Gaming Registration Act was the predecessor of the current Gambling Control Act (Bus. &
26 Prof. Code, § 19800 et seq.). Ms. Harris has been continuously registered or licensed to own
27 and operate Casino 99 since September 15, 1997.

28 ² Mr. Harris has continuously held a state gambling license as a community property
interest holder in Casino 99 since November 2000.

³ The statutes and regulations applicable to this accusation are quoted in pertinent part
in Appendix A.

1 7. The Act tasks the Bureau with, among other responsibilities, investigating
2 suspected violations of the Act and initiating disciplinary actions. (Bus. & Prof. Code, §§
3 19826, subs. (c) & (e) & 19930, subd. (b).) Upon the Bureau filing an accusation, the
4 Commission proceeds under Government Code section 11500 et seq. (Bus. & Prof Code, §
5 19930, subd. (b); see Cal. Code Regs., tit. 4, § 12554, subd. (a).) The Commission’s
6 disciplinary powers include, among other things, revocation and imposition of a fine or
7 monetary penalty. (Bus. & Prof. Code, § 19930, subd. (c); Cal. Code Regs., tit. 4, § 12554,
8 subd. (d).)

9 8. In an accusation brought under the Act, the standard of proof is the
10 preponderance of the evidence. (Cal. Code Regs., tit. 4, § 12554, subd. (c).)

11 9. In a matter involving revocation or suspension, the Bureau may recover its costs
12 of investigation and prosecuting the proceeding. (Bus. & Prof. Code, § 19930, subd. (d).)

13 **THE ACT REQUIRES STRICT REGULATION**

14 10. Operating a card room in California is a revocable privilege and no license
15 holder acquires a vested right under the Act. (Bus. & Prof. Code, § 19801, subd. (k).) The Act
16 provides for comprehensive regulation “to ensure that gambling is free from criminal and
17 corruptive elements, that it is conducted honestly and competitively, and that it is conducted in
18 suitable locations.” (Bus. & Prof. Code, § 19801, subd. (g).) Comprehensive regulation
19 maintains the public trust that permissible gambling will not endanger the public health, safety,
20 and welfare. (Bus. & Prof. Code, § 19801, subs. (g) & (h).) Such comprehensive regulation
21 covers all persons, practices, and associations related to the operation of lawful gambling
22 establishments. (Bus. & Prof. Code, § 19801, subs. (h) & (i).)

23 11. It is unlawful for any person either solely or in conjunction with others, to
24 maintain in this state any controlled game “without having first procured and thereafter
25 maintained in effect all federal, state and local licenses required by law.” (Pen. Code, § 337j,
26 subd (a)(1).) “[E]very person who, by statute or regulation, is required to hold a state
27 [gambling] license shall obtain the license prior to engaging in the activity or occupying the
28 position with respect to which the license is required.” (Bus. & Prof. Code, § 19855.)

1 12. Under the Act, the Commission’s responsibilities include assuring that no
2 unqualified or disqualified person, or any person whose operations are conducted in a manner
3 that is inimical to the public health, safety, and welfare, has any direct or indirect material
4 involvement with a licensed gambling operation. (Bus. & Prof. Code, § 19823, subd. (a)(2).)

5 13. “An application to receive a [state gambling] license constitutes a request for a
6 determination of the applicant's general character, integrity, and ability to participate in, engage
7 in, or be associated with, controlled gambling.” (Bus. & Prof. Code, § 18856, subd. (b).) Such
8 a determination begins with an applicant providing truthful information to the Bureau.
9 Accordingly, the Act directs that every applicant for licensing or any approval required by the
10 Act make full and true disclosure of all information necessary to carry out the state’s policies
11 relating to licensing and control of gambling. (Bus. & Prof. Code, § 19866.)

12 14. The Act mandatorily disqualifies from licensure any person who fails “to reveal
13 any fact material to qualification” or supplies untrue or misleading information. (Bus. & Prof.
14 Code, § 19859, subd. (b).) Additionally, providing untrue or misleading information or failing
15 to provide information and documentation requires revocation of an existing license. (Cal.
16 Code Regs., tit. 4, § 12568, subd. (c)(4) [incorporating the criteria for denial of a license under
17 Business and Professions Code section 19859 as a basis for mandatory revocation of a state
18 gambling license].)

19 15. The Act makes unqualified for licensure any person who is not of good
20 character, honesty, and integrity. (Bus. & Prof. Code, § 19857, subd. (a).) The Act also makes
21 unqualified for licensure any person whose prior activities and associations pose a threat to
22 effective regulation and control of controlled gambling, or create or enhance the dangers of
23 unsuitable, unfair, or illegal practices, methods, and activities in carrying on the business and
24 financial arrangements incidental to the conduct of controlled gambling. (Bus. & Prof. Code, §
25 19857, subd. (b).) The license of any person, who becomes unqualified for licensure, must be
26 revoked. (Cal. Code Regs., tit. 4, § 12568, subd. (c)(3) [incorporating the criteria for denial of a
27 license under Business and Professions Code section 19857 as a basis for mandatory revocation
28 of a state gambling license].)

1 **PRIOR DISCIPLINARY ACTION AGAINST RESPONDENTS**

2 16. On October 17, 2017, the Bureau received an Application for State Gambling
3 License, dated October 11, 2017, from Mr. Harris to renew his state gambling license, number
4 GEOW-001070, as a community property interest holder in Casino 99.⁴ On or about February
5 9, 2018, the Bureau submitted a report to the Commission in which it recommended that the
6 Commission place a condition on Casino 99’s license that require Mr. Harris to submit an
7 Application for a State Gambling License as an owner of Casino 99.

8 17. On or about March 22, 2018, the Commission referred consideration of the
9 renewal of Respondents’ and Casino 99’s licenses to an evidentiary hearing, which was to be
10 held pursuant to California Code of Regulations, title 4, section 12060. At that time, the
11 Commission also issued an interim renewal license pursuant to California Code of Regulations,
12 title 4, section 12035, valid through January 31, 2020, to allow for the continued operation of
13 Casino 99.

14 18. On or about October 16, 2018, Complainant filed a pleading with the
15 Commission entitled “Statement of Particulars”⁵ that provided factors in aggravation and
16 mitigation for consideration in relation to Respondents’ renewal application. At paragraph 11
17 of the Statement of Particulars, one factor in aggravation was set forth as follows:

18 Since at least January 7, 2016, Applicant G. Harris has been allowed to
19 actively participate in, and exercise significant influence over, the operation of
20 Casino 99 in violation of his Spouse’s Declaration, Acknowledgement and
21 Agreement, the scope of his licensure as a community property interest holder,
22

23
24 ⁴ On or about June 21, 1999, Mr. Harris submitted a Spouse’s Declaration,
25 Acknowledgement and Agreement in which he avowed, under of penalty of perjury, that his
26 sole and exclusive interest in Casino 99 was his community property interest and agreed that he
could not lawfully engage in any activity at Casino 99 for which a registration, finding of
suitability, permit or license may be required. Mr. Harris has continuously held a state
gambling license as a community property interest holder in Casino 99 since November 2000.

27 ⁵ A Statement of Particulars is a pleading that may be filed with the Commission when
28 it directly hears a license renewal application under its regulations. (See Cal. Code Regs., tit. 4,
§ 12060.)

1 and Business and Professions Code, section 19855. Such conduct includes, but is
2 not limited to:

- 3 a. Signing on behalf of Casino 99, the January 17, 2016, December 29, 2016, June
4 26, 2017, and December 19, 2017 Key Employee Reports that were submitted to the Bureau;
- 5 b. Signing the May 25, 2017 contract with Gold on behalf of Casino 99;
- 6 c. Taking a semi-monthly draw from Casino 99 as an owner; and,
- 7 d. Handling banking transactions for Casino 99.

8 19. On February 7, 2019, the Commission issued a Stipulated Settlement; Decision
9 and Order (Order). In the Order, Respondents admitted “all the factual and legal allegations in
10 the Statement of Particulars are true, accurate, and complete.” (Order, ¶ 10.)

11 20. The Order imposed conditions on Respondents’ licensure as follows:

12 a. Upon the effective date of the Commission’s Decision and Order adopting this
13 Stipulated Settlement, Ms. Harris’ state gambling license to own and operate Casino 99 shall be
14 renewed and subject to the conditions that:

15 1. Within 45 calendar days of the effective date of the Commission’s
16 Decision and Order adopting this Stipulated Settlement, Mr. Harris must apply for and,
17 upon approval, maintain a state gambling license as an owner of Casino 99.

18 * * *

19 b. Upon the effective date of the Commission’s Decision and Order adopting this
20 Stipulated Settlement, Mr. Harris’ state gambling license as a community property interest
21 holder in Casino 99, shall be renewed and subject to the conditions that:

22 1. Within 45 calendar days of the effective date of the Commission’s
23 Decision and Order adopting this Stipulated Settlement, Mr. Harris must apply for and,
24 upon approval, maintain a state gambling license as an owner of Casino 99.

25 21. The Order further stated that Respondents understood “that Mr. Harris’ ability to
26 participated [*sic*] in the operation, management and control of Casino 99 is contingent upon the
27 type of license he holds, as defined and regulated by” the Act and the regulations promulgated
28 thereunder. (Order, ¶ 13.)

1 **PENDING APPLICATIONS**

2 22. In compliance with the Commission imposed condition, Mr. Harris submitted a
3 state gambling license application, which is pending. Thereafter, on or about October 21, 2019,
4 the Bureau received an initial application for a state gambling license from Casino 99, LLC to
5 own Casino 99. Respondents are the only members of Casino 99, LLC. Mr. Harris is listed as
6 Casino 99, LLC's managing member. Casino 99, LLC's state gambling license application is
7 pending with the Bureau.

8 **FIRST CAUSE FOR REVOCATION**

9 **(Casino 99, LLC Is Unlawfully Engaging in Activity Involving Casino 99 without a State**
10 **Gambling License)**

11 23. Respondents' licenses are subject to revocation in that they are using Casino 99,
12 LLC, an unlicensed entity, to operate Casino 99. Respondents have opened, and are using,
13 Casino 99, LLC's bank accounts to conduct Casino 99's business, as follows:

14 a. To make monthly deposits from Casino 99's revenue into Casino 99, LLC's
15 main operating bank account;

16 b. To make bi-monthly transfers into Casino 99, LLC's payroll bank account to
17 meet Casino 99's payroll obligations;

18 c. To make monthly deposits into Casino 99, LLC's player reserve bank account
19 for Casino 99's players;

20 d. To transfer \$5,750 from Ms. Harris's dba "Casino 99/Angies Poker Club" chips
21 in use account into Casino 99, LLC's chip loss reserve account;

22 e. To transact business with Casino 99's customers through Casino 99, LLC's main
23 operating bank account;

24 f. To make a deposit into Casino 99, LLC's payroll bank account on May 24, 2019,
25 in the amount of \$46,765.56 from Ms. Harris's dba "Casino 99/Angies Poker Club" payroll
26 account; and

27 g. To transfer \$100,749.66 from Ms. Harris's dba "Casino 99/Angies Poker Club"
28 account into Casino 99, LLC's player reserve bank account.

1 (Pen. Code, § 337j, subd. (a)(1); Bus. & Prof. Code, §§ 19801, subds. (d), (k), 19850, 19855,
2 19920, 19922 & 19924; Cal. Code Regs., tit. 4, §§ 12340, subd. (a), 12568, subds. (a)(4), (5),
3 (6), (b)(4), (c)(3), (4).)

4 **SECOND CAUSE FOR REVOCATION**
5 **(Violation of the Commission's Order)**

6 24. In violation of the Commission's Order, since at least January of 2019, without
7 having obtained a state gambling license as an owner, Mr. Harris has actively participated in,
8 and exercised significant influence over, the operation of Casino 99. Including by doing the
9 following:

- 10 a. Mr. Harris operates Casino 99 as an owner, doing anything that needs to be done
11 to maintain the business;
- 12 b. Mr. Harris has control over the finances of Casino 99 through use of Casino 99,
13 LLC's bank accounts;
- 14 c. Mr. Harris acts as the managing member of Casino 99, LLC; and
- 15 d. Mr. Harris handles banking transactions for Casino 99.

16 (Bus. & Prof. Code, §§ 19850, 19855, 19920 & 19922; Cal. Code Regs., tit. 4, §§ 12340, subd.
17 (a), 12568, subds. (a)(1), (a)(5), (a)(6), (c)(3), (c)(4).)

18 **THIRD CAUSE FOR REVOCATION**
19 **(Violation of Penal Code section 337a, subdivision (3) – Game Staking)**

20
21 25. Respondents' licenses are subject to revocation because they have unlawfully
22 staked Mr. Harris to play in poker games offered for play at Casino 99, in violation of Penal
23 Code section 337a, subdivision (a)(3). Respondents have unlawfully staked Mr. Harris to play
24 in poker games and recovered the stakes that were at risk, as well as all of Mr. Harris' winnings,
25 if he prevailed. In doing this, Respondents absorbed the losses of the money they staked, if Mr.
26 Harris was defeated in playing the poker games.

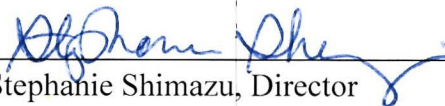
1 (Pen. Code, § 337a, subd. (a)(3); Bus. & Prof. Code, §§ 19856, 19857, 19859, subd. (a)
2 [mandatory denial], 19920 & 19922; Cal. Code. Regs., tit. 4, § 12568, subds. (a)(1), (a)(5),
3 (b)(4), (c)(3), (c)(4), 12346, subds. (a)(1) [mandatory denial], (a)(4)(B).)

4 **PRAYER**

5 WHEREFORE, Complainant requests that a hearing be held on the matters herein
6 alleged, and that following the hearing, the Commission issue a decision:

- 7 1. Revoking California State Gambling License Number GEOW-001069, issued to
8 respondent Angela Harris;
- 9 2. Revoking California State Gambling License Number GEOW-001070, issued to
10 respondent Gary Harris;
- 11 3. Imposing fines and/or monetary penalties against Respondents, jointly and
12 severally, according to proof and to the maximum extent allowed by law;
- 13 4. Awarding Complainant the costs of investigation and costs of bringing this
14 accusation before the Commission, pursuant to Business and Professions Code section 19930,
15 subdivisions (d) and (f), in a sum according to proof; and
- 16 5. Taking such other and further action as the Commission may deem appropriate.

17
18
19 Dated: March 13, 2020


Stephanie Shimazu, Director
Bureau of Gambling Control
California Department of Justice

1 **APPENDIX A – STATUTORY AND REGULATORY PROVISIONS**

2 **Jurisdictional Provisions**

- 3 1. Business and Professions Code section 19811, subdivision (b), provides:

4 Jurisdiction, including jurisdiction over operation and
5 concentration, and supervision over gambling establishments in this
6 state and over all persons or things having to do with the operation
7 of gambling establishments is vested in the commission.

- 8 2. Business and Professions Code section 19823 provides:

9 (a) The responsibilities of the commission include, without
10 limitation, all of the following:

11 (1) Assuring that licenses, approvals, and permits are not
12 issued to, or held by, unqualified or disqualified persons, or by
13 persons whose operations are conducted in a manner that is
14 inimical to the public health, safety, or welfare.

15 (2) Assuring that there is no material involvement,
16 directly or indirectly, with a licensed gambling operation, or the
17 ownership or management thereof, by unqualified or
18 disqualified persons, or by persons whose operations are
19 conducted in a manner that is inimical to the public health,
20 safety, or welfare.

21 (b) For the purposes of this section, “unqualified person”
22 means a person who is found to be unqualified pursuant to the
23 criteria set forth in Section 19857, and “disqualified person” means a
24 person who is found to be disqualified pursuant to the criteria set
25 forth in Section 19859.

- 26 3. Business and Professions Code section 19824 provides in part:

27 The commission shall have all powers necessary and proper to
28 enable it fully and effectually to carry out the policies and purposes
of this chapter, including, without limitation, the power to do all of
the following:

(b) For any cause deemed reasonable by the commission,
deny any application for a license, permit, or approval provided for
in this chapter or regulations adopted pursuant to this chapter, limit,
condition, or restrict any license, permit, or approval, or impose any
fine upon any person licensed or approved. The commission may
condition, restrict, discipline, or take action against the license of an
individual owner endorsed on the license certificate of the gambling
enterprise whether or not the commission takes action against the
license of the gambling enterprise.

1 * * *

2 (d) Take actions deemed to be reasonable to ensure that no
3 ineligible, unqualified, disqualified, or unsuitable persons are
4 associated with controlled gambling activities.

4. Business and Professions Code section 19825 provides:

5 The commission may require that any matter that the commission is
6 authorized or required to consider in a hearing or meeting of an
7 adjudicative nature regarding the denial, suspension, or revocation of a
8 license, permit, or a finding of suitability, be heard and determined in
9 accordance with Chapter 5 (commencing with Section 11500) of Part 1
10 of Division 3 of Title 2 of the Government Code.

5. Business and Professions Code section 19826 provides, in part:

11 The department⁶ . . . shall have all of the following responsibilities:

12 * * *

12 (c) To investigate suspected violations of this chapter or laws of this
13 state relating to gambling

14 * * *

14 (e) To initiate, where appropriate, disciplinary actions as provided in
15 this chapter. In connection with any disciplinary action, the department
16 may seek restriction, limitation, suspension, or revocation of any license or
17 approval, or the imposition of any fine upon any person licensed or
18 approved.

6. California Code of Regulations, title 4, section 12554 provides, in part:

19 (a) Upon the filing with the Commission of an accusation by the
20 Bureau recommending revocation, suspension, or other discipline of a
21 holder of a license, registration, permit, finding of suitability, or approval,
22 the Commission shall proceed under Chapter 5 (commencing with section
23 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

24 * * *

24 (d) Upon a finding of a violation of the Act, any regulations adopted
25 pursuant thereto, any law related to gambling or gambling establishments,
26 violation of a previously imposed disciplinary or license condition, or laws
27 whose violation is materially related to suitability for a license,
28 registration, permit, or approval, the Commission may do any one or more
of the following:

28 (h.) ⁶ “Department” refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd.

1
2 (1) Revoke the license, registration, permit, finding of suitability,
or approval;

3 (2) Suspend the license, registration, or permit;

4 * * *

5
6 (5) Impose any fine or monetary penalty consistent with
7 Business and Professions Code sections 19930, subdivision (c), and
19943, subdivision (b)

8 **Cost Recovery Provisions**

9 7. Business and Professions Code section 19930 provides, in part:

10 (b) If, after any investigation, the department is satisfied that a license,
11 permit, finding of suitability, or approval should be suspended or revoked, it
12 shall file an accusation with the commission in accordance with Chapter 5
(commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the
13 Government Code.

14 * * *

15 (d) In any case in which the administrative law judge recommends that
16 the commission revoke, suspend, or deny a license, the administrative law
17 judge may, upon presentation of suitable proof, order the licensee or
applicant for a license to pay the department the reasonable costs of the
investigation and prosecution of the case.

18 (1) The costs assessed pursuant to this subdivision shall be fixed
19 by the administrative law judge and may not be increased by the
20 commission. When the commission does not adopt a proposed decision
21 and remands the case to the administrative law judge, the administrative
law judge may not increase the amount of any costs assessed in the
proposed decision.

22 (2) The department may enforce the order for payment in the
23 superior court in the county in which the administrative hearing was
24 held. The right of enforcement shall be in addition to any other rights
that the division may have as to any licensee to pay costs.

25 (3) In any judicial action for the recovery of costs, proof of the
26 commission's decision shall be conclusive proof of the validity of the
order of payment and the terms for payment.

27 * * *

1 (f) For purposes of this section, “costs” include costs incurred for any
2 of the following:

3 (1) The investigation of the case by the department.

4 (2) The preparation and prosecution of the case by the Office of
5 the Attorney General.

6 **Specific Statutory and Regulatory Provisions**

7 8. Business and Professions Code, section 19801 provides, in part:

8 (d) Unregulated gambling enterprises are inimical to the public
9 health, safety, welfare, and good order. Accordingly, no person in this
10 state has a right to operate a gambling enterprise except as may be
11 expressly permitted by the laws of this state and by the ordinances of
12 local governmental bodies.

11 * * *

12 (g) Public trust that permissible gambling will not endanger public
13 health, safety, or welfare requires that comprehensive measures be
14 enacted to ensure that gambling is free from criminal and corruptive
15 elements, that it is conducted honestly and competitively, and that it is
16 conducted in suitable locations.

16 (h) Public trust and confidence can only be maintained by strict
17 comprehensive regulation of all persons, locations, practices,
18 associations, and activities related to the operation of lawful gambling
19 establishments and the manufacture and distribution of permissible
20 gambling equipment.

19 (i) All gambling operations, all persons having a significant
20 involvement in gambling operations, all establishments where gambling
21 is conducted, and all manufacturers, sellers, and distributors of gambling
22 equipment must be licensed and regulated to protect the public health,
23 safety, and general welfare of the residents of this state as an exercise of
24 the police powers of the state.

23 * * *

24 (k) In order to effectuate state policy as declared herein, it is
25 necessary that gambling establishments, activities, and equipment be
26 licensed, that persons participating in those activities be licensed or
27 registered, that certain transactions, events, and processes involving
28 gambling establishments and owners of gambling establishments be
subject to prior approval or permission, that unsuitable persons not be
permitted to associate with gambling activities or gambling

1 establishments Any license or permit issued, or other approval
2 granted pursuant to this chapter, is declared to be a revocable privilege,
3 and no holder acquires any vested right therein or thereunder.

4 9. Business and Professions Code section 19855 provides, in part:

5 [E]very person who, by statute or regulation, is required to hold a state
6 license shall obtain the license prior to engaging in the activity or
7 occupying the position with respect to which the license is required.

8 10. Business and Professions Code section 19856 provides, in part:

9 (a) The burden of proving his or her qualifications to receive any
10 license is on the applicant.

11 (b) An application to receive a license constitutes a request for a
12 determination of the applicant's general character, integrity, and ability
13 to participate in, engage in, or be associated with, controlled gambling.

14 (c) In reviewing an application for any license, the commission
15 shall consider whether issuance of the license is inimical to public
16 health, safety, or welfare, and whether issuance of the license will
17 undermine public trust that the gambling operations with respect to
18 which the license would be issued are free from criminal and dishonest
19 elements and would be conducted honestly.

20 11. Business and Professions Code section 19857 provides:

21 No gambling license shall be issued unless, based on all the
22 information and documents submitted, the commission is satisfied that
23 the applicant is all of the following:

24 (a) A person of good character, honesty and integrity.

25 (b) A person whose prior activities, criminal record, if any,
26 reputation, habits, and associations do not pose a threat to the public
27 interest of this state, or to the effective regulation and control of
28 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.

(c) A person that is in all other respects qualified to be licensed as
provided in this chapter.

12. Business and Professions Code section 19859 provides, in part:

The commission shall deny a license to any applicant who is
disqualified for any of the following reasons:

(a) Failure of the applicant to clearly establish eligibility and
qualification in accordance with this chapter.

1 (b) Failure of the applicant to provide information,
2 documentation, and assurances required by the Chief, or failure of
3 the applicant to reveal any fact material to qualification, or the
4 supplying of information that is untrue or misleading as to a material
5 fact pertaining to the qualification criteria.

6 13. Business and Professions Code section 19866 provides:

7 An applicant for licensing or for any approval or consent required
8 by this chapter, shall make full and true disclosure of all information
9 to the department and the commission as necessary to carry out the
10 policies of this state relating to licensing, registration, and control of
11 gambling.

12 14. Business and Professions Code section 19920 provides:

13 It is the policy of the State of California to require that all
14 establishments wherein controlled gambling is conducted in this state
15 be operated in a manner suitable to protect the public health, safety,
16 and general welfare of the residents of the state. The responsibility for
17 the employment and maintenance of suitable methods of operation
18 rests with the owner licensee, and willful or persistent use or toleration
19 of methods of operation deemed unsuitable by the commission or by
20 local government shall constitute grounds for license revocation or
21 other disciplinary action.

22 15. Business and Professions Code section 19922 provides:

23 No owner licensee shall operate a gambling enterprise in violation
24 of any provision of this chapter or any regulation adopted pursuant to
25 this chapter.

26 16. Business and Professions Code section 19924 provides:

27 Each owner licensee shall maintain security controls over the
28 gambling premises and all operations therein related to gambling, and
those security controls are subject to the approval of the commission.

17. Penal Code section 337a, subdivision (a), provides:

Except as provided in Section 336.9, every person who
engages in one of the following offenses, shall be punished for a first
offense by imprisonment in a county jail for a period of not more
than one year or in the state prison, or by a fine not to exceed five
thousand dollars (\$5,000), or by both imprisonment and fine:

* * *

1
2 (3) Whether for gain, hire, reward, or gratuitously, or
3 otherwise, receives, holds, or forwards, or purports or pretends to
4 receive, hold, or forward, in any manner whatsoever, any money,
5 thing or consideration of value, or the equivalent or memorandum
6 thereof, staked, pledged, bet or wagered, or to be staked, pledged,
7 bet or wagered, or offered for the purpose of being staked, pledged,
8 bet or wagered, upon the result, or purported result, of any trial, or
9 purported trial, or contest, or purported contest, of skill, speed or
10 power of endurance of person or animal, or between persons,
11 animals, or mechanical apparatus, or upon the result, or purported
12 result, of any lot, chance, casualty, unknown or contingent event
13 whatsoever.”

14 18. Penal Code section 337j, subdivisions (a)(1), (2), and (e)(1), provide:

15 (a) It is unlawful for any person, as owner, lessee, or
16 employee, whether for hire or not, either solely or in conjunction
17 with others, to do any of the following without having first procured
18 and thereafter maintained in effect all federal, state, and local
19 licenses required by law:

20 (1) To deal, operate, carry on, conduct, maintain, or
21 expose for play in this state any controlled game.

22 (2) To receive, directly or indirectly, any compensation
23 or reward or any percentage or share of the revenue, for
24 keeping, running, or carrying on any controlled game.

25 * * *

26 (e) (1) As used in this section, “controlled game” means any
27 poker or Pai Gow game, and any other game played with cards or
28 tiles, or both, and approved by the Department of Justice, and any
game of chance, including any gambling device, played for
currency, check, credit, or any other thing of value that is not
prohibited and made unlawful by statute or local ordinance.

19 19. California Code of Regulations, title 4, section 12346, subdivision (a)(1), provides:

20 (a) An application for a gambling license shall be denied by
21 the Commission if any of the following apply:

22 (1) The Commission finds that the applicant is ineligible,
23 unqualified, disqualified, or unsuitable pursuant to the criteria set
24 forth in the Act or other applicable law or that granting the
25 license would be inimical to public health, safety, welfare, or

1 would undermine the public trust that gambling operations are
2 free from criminal or dishonest elements.

3 20. California Code of Regulations, title 4, section 12568, provides, in part:

4 (a) A license for an individual or any finding of suitability or
5 approval granted by the Commission, other than a work permit, and an
6 owner license for a gambling establishment if the owner licensee has
7 committed a separate violation from any violations committed by the
8 gambling establishment shall be subject to a minimum discipline of
9 suspension for one day of normal business operation and a maximum
discipline of revocation, which may be stayed on terms and conditions
and any monetary penalty as described in Section 12554(d)(7) of this
chapter, if the Commission finds that the holder has:

10 (1) Violated or is out of compliance with conditions,
11 limitations, or orders or directives imposed by the Commission,
12 either as part of an initial grant of license or registration, renewal
of such, or pursuant to disciplinary action,

13 * * *

14 (4) Engaged in any dishonest, fraudulent, or deceptive
activities in connection with controlled gambling,

15 (5) Committed any act punishable as a crime, not otherwise
16 listed in these disciplinary guidelines, which substantially relates to
17 the duties and qualifications of the licensee or registrant, or which
occurred in a gambling establishment or the associated adjacent
property, or

18 (6) Engaged in any conduct on the premises of the gambling
19 establishment or in connection with controlled gambling that is
inimical to the health, welfare, or safety of the general public.

20 (b) A license, finding of suitability, or approval granted by the
21 Commission, other than a work permit, and an owner license for a
22 gambling establishment if the owner licensee has committed a separate
23 violation from any violations committed by the gambling establishment
24 shall be subject to a minimum discipline of suspension for five days of
normal scheduled work and a maximum discipline of revocation, which
may be stayed on terms and conditions and any monetary penalty as
described in Section 12554(d)(7) of this chapter, if the Commission
finds that the holder has:

25 * * *

26 (4) Committed an act prohibited by Chapter 9 (commencing
27 with section 319) and Chapter 10 (commencing with section 330)
of Title 9 of Part 1 of the Penal Code, including but not limited to
28 operation of a banked or percentage game (Penal Code, section
330), possession or sale of a slot machine (Penal Code, section

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330b) or agreement for slot machine payout (Penal Code, section 330.1), bookmaking (Penal Code, section 337), and cheating (Penal Code, section 337x)

* * *

(c) A state gambling license, finding of suitability, or approval granted by the Commission . . . and an owner license for a gambling establishment if the owner licensee has committed a separate violation from any violations committed by the gambling establishment shall be subject to revocation by the Commission on any of the following grounds:

* * *

(3) If the Commission finds the holder no longer meets any criterion for eligibility, qualification, suitability or continued operation, including those set forth in Business and Professions Code section 19857, 19858, or 19880, as applicable, or

(4) If the Commission finds the holder currently meets any of the criteria for mandatory denial of an application set forth in Business and Professions Code sections 19859 or 19860.