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

13
14 **In the Matter of the Statement of Issues**
15 **Against:**

16 **Casino 99, LLC, No. GEOW-004058**

17 **And its Managing Members:**

18 **Angela Kaye Harris, No. GEOW-004059**

19 **and**

20 **Gary Lee Harris, No. GEOW-004047**

21 175 East 20th Street, Suite 150
Chico, California 95928

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23 **Respondents.**
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BGC Case No. HQ2021-00022SL

OAH No.

STATEMENT OF ISSUES

1 Complainant alleges:

2 **PARTIES**

3 1. Nathan DaValle (Complainant) brings this Statement of Issues solely in his official
4 capacity as the Acting Director of the California Department of Justice, Bureau of Gambling
5 Control (Bureau).

6 2. On or about October 21, 2019, the Bureau received initial license applications for state
7 gambling licenses from respondents Casino 99, LLC (LLC), proposed state gambling license
8 number GEOW-004058, and its managing members, Angela Kaye Harris (Ms. Harris), proposed
9 state gambling license number GEOW-004059, and Gary Lee Harris (Mr. Harris), proposed state
10 gambling license number GEOW-004047.¹ The Initial Applications seek licensing that will allow
11 the transfer of ownership of Ms. Harris's right, title, and interests in a card room to the LLC. The
12 proposed license number for Respondents' gambling establishment after the transfer is GEGE-
13 001384.

14 **OTHER LICENSING AND THE PENDING PROCEEDING**

15 3. Currently, Ms. Harris, state gambling license number GEOW-001069, owns and as a
16 sole proprietor does business as Casino 99, license number GEGE-000438. Mr. Harris, state
17 gambling license number GEOW-001070, is a community property interest holder in Casino 99.²
18 Casino 99 is an eight-table card room presently operating in Chico, California.³ The California
19 Gambling Control Commission (Commission) issued those licenses to Ms. Harris and Mr. Harris
20 pursuant to the Gambling Control Act (Act) (Bus. & Prof. Code, § 19800 et seq.).

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22 _____
23 ¹ The LLC, Ms. Harris, and Mr. Harris are referred to collectively as "Respondents."
Their initial license applications are referred to collectively as "Initial Applications."

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

26 ³ Ms. Harris was initially registered to own and operate Casino 99 on September 15,
1997, under the Gaming Registration Act (former Bus. & Prof. Code, § 19800 et seq.). The
27 Gaming Registration Act was the predecessor of the current Gambling Control Act (Bus. & Prof.
28 Code, § 19800 et seq.). Ms. Harris has been continuously registered or licensed to own and
operate Casino 99 since September 15, 1997.

1 4. On October 3, 2019, the Bureau received renewal applications, dated September 18,
2 2019 (collectively, Renewal Applications), from Ms. Harris and Mr. Harris. On or about March
3 19, 2020, the Bureau submitted a Gambling Establishment and Owner Renewal Report to the
4 Commission, recommending that the Renewal Applications be denied. On April 30, 2020, the
5 Commission referred the Renewal Applications to a hearing under the Administrative Procedures
6 Act to be conducted by an administrative law judge. (Cal. Code Regs., tit. 4, § 12058.)

7 5. On or about February 26, 2021, the Bureau submitted an Initial Background
8 Investigation Report to the Commission, recommending that Respondents' Initial Applications be
9 denied, based on the causes for discipline alleged in an Accusation filed on March 16, 2020. The
10 cases initiated by the Accusation and that Statement of Issues are referred to as the "Pending
11 Proceeding."

12 6. On May 6, 2021, the Commission referred the Initial Applications to a hearing to be
13 consolidated with the hearing in the Pending Proceeding.

14 **JURISDICTION AND COST RECOVERY**

15 7. The Commission has jurisdiction over the operation and concentration of gambling
16 establishments and all persons and things having to do with the operations of gambling
17 establishments. (Bus. & Prof. Code, § 19811, subd. (b).)⁴ The Act tasks the Bureau with, among
18 other responsibilities, receiving and processing applications for licensure, investigating
19 applicants' qualifications, and making, in the Bureau's discretion, denial recommendations. (Bus.
20 & Prof. Code, § 19826, subd. (a).) Upon the Commission's electing to hold an Administrative
21 Procedures Act hearing, the Commission proceeds under Government Code section 11500 et seq.
22 (Cal. Code Regs., tit. 4, § 12058, subd. (a).)

23 8. In any case in which the administrative law judge recommends that the Commission
24 deny a license, the Bureau may recover its reasonable costs of investigation and prosecuting the
25 proceeding. (Bus. & Prof. Code, § 19930, subd. (d).)

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28 ⁴ The statutes and regulations applicable to this Statement of Issues are quoted in
pertinent part in Appendix A.

1 **BURDEN OF PROOF**

2 9. The burden of proving the qualifications to receive a license under the Act is on the
3 applicant. (Bus. & Prof. Code, § 19856, subd. (a); Cal. Code Regs., tit. 4, § 12058, subd. (c).)

4 **THE ACT REQUIRES COMPREHENSIVE REGULATION**

5 10. Operating a card room in California is a revocable privilege, and no license holder
6 acquires a vested right under the Act. (Bus. & Prof. Code, § 19801, subd. (k).) The Act provides
7 for comprehensive regulation to, among other things, “ensure that gambling is free from criminal
8 and corruptive elements, [and] that it is conducted honestly and competitively” (Bus. &
9 Prof. Code, § 19801, subd. (g).) Comprehensive regulation maintains the public trust that
10 permissible gambling will not endanger the public health, safety, and welfare. (Bus. & Prof.
11 Code, § 19801, subds. (g) & (h).) Such comprehensive regulation covers all persons, practices,
12 and associations related to the operation of lawful gambling establishments. (Bus. & Prof. Code,
13 § 19801, subds. (h) & (i).)

14 11. It is unlawful for any person, either solely or in conjunction with others, to maintain
15 any controlled game “without having first procured and thereafter maintained in effect all federal,
16 state and local licenses required by law.” (Pen. Code, § 337j, subd (a)(1).) The Act requires that
17 “every person who, by statute or regulation, is required to hold a state [gambling] license shall
18 obtain the license prior to engaging in the activity or occupying the position with respect to which
19 the license is required.” (Bus. & Prof. Code, § 19855.)

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

24 13. “An application to receive a [state gambling] license constitutes a request for a
25 determination of the applicant's general character, integrity, and ability to participate in, engage
26 in, or be associated with, controlled gambling.” (Bus. & Prof. Code, § 19856, subd. (b).)

27 14. The Act makes unqualified for licensure any person who is not of good character,
28 honesty, and integrity. (Bus. & Prof. Code, § 19857, subd. (a).) The Act also makes unqualified

1 for licensure any person whose prior activities and associations pose a threat to effective
2 regulation and control of controlled gambling, or create or enhance the dangers of unsuitable,
3 unfair, or illegal practices, methods, and activities in carrying on the business and financial
4 arrangements incidental to the conduct of controlled gambling. (Bus. & Prof. Code, § 19857,
5 subd. (b).)

6 **PRIOR DISCIPLINARY ACTION AGAINST RESPONDENTS**

7 15. On February 7, 2019, the Commission issued a Stipulated Settlement; Decision and
8 Order (Order) against Ms. Harris and Mr. Harris.⁵ The Order renewed their licenses, but imposed
9 conditions as follows.

10 a. Ms. Harris’s state gambling license was subject to the following conditions:

11 (1) within 45 days, Mr. Harris was required apply for and, upon approval, maintain a state
12 gambling license as an owner of Casino 99; and (2) the financial statements covering all
13 of Casino 99’s financial activities, including the profit and loss statement, and the
14 statement of financial position, were required to be prepared in accordance with generally
15 accepted accounting principles.

16 b. Mr. Harris’s state gambling license as a community property interest holder in
17 Casino 99 was subject to the condition that, within 45 days, he was required to apply for
18 and, upon approval, maintain a state gambling license as an owner of Casino 99.

19 16. The Order further stated that Respondents understood “that Mr. Harris’ ability to
20 participated [*sic*] in the operation, management and control of Casino 99 is contingent upon the
21 type of license he holds, as defined and regulated by” the Act and the regulations promulgated
22 thereunder.

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28 ⁵ The Order is available at:
http://www.cgcc.ca.gov/documents/adminactions/decision/Casino_99_Stip_Decision.pdf.

1 **FIRST CAUSE FOR DENIAL**
2 **(The LLC's Unlicensed Use in Casino 99's Operations)**

3 17. Respondents' Initial Applications are subject to denial because they are using the
4 LLC, an unlicensed entity, to operate Casino 99. Respondents opened, and are using, the LLC's
5 bank accounts to conduct Casino 99's business by, among other things, the following:

6 a. Making monthly deposits from Casino 99's revenue into the LLC's main
7 operating bank account;

8 b. Making bi-monthly transfers into the LLC's payroll bank account to meet
9 Casino 99's payroll obligations;

10 c. Making monthly deposits into the LLC's player reserve bank account for
11 Casino 99's players;

12 d. Transferring \$5,750 from Ms. Harris's dba "Casino 99/Angies Poker Club"
13 chips in use account into the LLC's chip loss reserve account;

14 e. Transacting business with Casino 99's customers through the LLC's main
15 operating bank account;

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

19 g. Transferring \$100,749.66 from Ms. Harris's dba "Casino 99/Angies Poker
20 Club" account into the LLC's player reserve bank account.

21 (Pen. Code, § 337j, subd. (a)(1); Bus. & Prof. Code, §§ 19801, subds. (d) & (k), 19823, 19850,
22 19855, 19856, 19857, 19920, 19922; Cal. Code. Regs., tit. 4, § 12346, subd. (a)(1) [mandatory
23 denial].)

24 **SECOND CAUSE FOR DENIAL**
25 **(Violation of the Commission's Order)**

26 18. Respondents' Initial Applications are subject to denial because in violation of the
27 Commission's Order, since at least January of 2019 and without having obtained a state gambling
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1 license as an owner, Mr. Harris actively participated in, and exercised significant influence over,
2 the operation of Casino 99. His conduct includes the following, among other things:

3 a. Mr. Harris operates Casino 99 as an owner, doing anything that needs to be
4 done to maintain the business.

5 b. Mr. Harris has control over the finances of Casino 99 through use of the
6 LLC's bank accounts.

7 c. Mr. Harris acts as the managing member of the LLC.

8 d. Mr. Harris handles banking transactions for Casino 99.

9 (Bus. & Prof. Code, §§ 19823, 19850, 19855, 19856, 19857, 19920, 19922; Cal. Code. Regs., tit.
10 4, § 12346, subs. (a)(1) [mandatory denial], (b)(4)(B).)

11 **THIRD CAUSE FOR DENIAL**

12 **(Violation of the Commission's Order on Financial Statements)**

13 19. Respondents' Initial Applications are subject to denial because, in violation of the
14 Commission's Order, Ms. Harris submitted financial statements to the Bureau for the year ending
15 December 31, 2018, that were not prepared in accordance with generally accepted accounting
16 principles.

17 (Bus. & Prof. Code, §§ 19823, 19850, 19855, 19856, 19857, 19920, 19922; Cal. Code. Regs., tit.
18 4, § 12346, subs. (a)(1) [mandatory denial], (b)(4)(B).)

19 **FOURTH CAUSE FOR DENIAL**

20 **(Violation of Penal Code section 337a, subdivision (a)(3) – Game Staking)**

21 20. Respondents' Initial Applications are subject to denial because they unlawfully
22 staked Mr. Harris to play in poker games offered for play at Casino 99, in violation of Penal Code
23 section 337a, subdivision (a)(3). In games in which Respondents staked his play, Respondents
24 recovered the stakes that were at risk, as well as all of Mr. Harris's winnings when he prevailed.
25 Additionally, Respondents bore the losses of the money they staked when Mr. Harris lost.

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

PRAYER

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

1. Denying the initial application for proposed California State Gambling License Number GEOW-004058 submitted by respondent Casino 99, LLC;
2. Denying the initial application for proposed California State Gambling License Number GEOW-004059 submitted by respondent Angela Kaye Harris to be endorsed as a managing member on Casino 99, LLC' license;
3. Denying the initial application for proposed California State Gambling License Number GEOW-004047 submitted by respondent Gary Lee Harris to be endorsed as a managing member of Casino 99, LLC's license;
4. Denying the initial application to issue proposed gambling establishment license number GEGE-001384;
5. Awarding Complainant the costs of investigation and costs of bringing this Statement of Issues before the Commission, pursuant to Business and Professions Code section 19930, subdivisions (d) and (f), in a sum according to proof; and
6. Taking such other and further action as the Commission may deem appropriate.

Dated: June 14, 2021



Nathan DaValle, Acting Director
Bureau of Gambling Control
California Department of Justice