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 CALIFORNIA GAMBLING CONTROL COMMISSION

8  
 9 BEFORE THE  
 10 CALIFORNIA GAMBLING CONTROL COMMISSION  
 11 STATE OF CALIFORNIA  
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13  
 14 **In the Matter of the Statement of Reasons  
 for Denial of Application for Key Employee  
 15 License Regarding:**

BGC Case No. BGC-HQ2013-00006AL  
 CGCC Case No. 2013-0523-1

16 **JOSEPH BELTRAN**  
 17 

**STATEMENT OF REASONS**

18  
 19 **Respondent.**

20  
 21  
 22 Complainant alleges as follows:

23 **PARTIES**

24 1. Wayne J. Quint Jr. (Complainant) brings this Statement of Reasons solely in his  
 25 official capacity as the Chief of the California Department of Justice, Bureau of Gambling Control  
 26 (Bureau).  
 27  
 28

1 2. On or about July 20, 2011, the California Gambling Control Commission  
 2 (Commission) received an Application for Gambling Establishment Key Employee License  
 3 (application) submitted by Joseph Beltran (Respondent).<sup>1</sup>

4 3. At its May 23, 2013, meeting the Commission referred the question of Respondent's  
 5 suitability for licensure to an evidentiary hearing.

6 4. On or about June 20, 2013, pursuant to California Code of Regulations, title 4, section  
 7 12050, subdivision (b), the Executive Director of the Commission set the matter for a hearing to be  
 8 conducted pursuant to the provisions of Business and Professions Code sections 19870 and 19871.

9 **JURISDICTION**

10 5. Business and Professions Code section 19811, subdivision (b), provides:

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

14 6. Business and Professions Code section 19823 provides:

15 (a) The responsibilities of the commission include, without  
 16 limitation, all of the following:

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

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

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25 <sup>1</sup> On or about May 16, 2011, the Commission received an Application for an Interim Key  
 26 Employee License from Respondent. The Commission issued to him an interim key employee  
 27 license on or about May 17, 2011. It expired on May 31, 2013. However, at its May 23, 2013,  
 meeting, the Commission advised Respondent that he may continue to work under that license  
 28 until this matter is resolved. He is currently employed as a floorman, a key employee position, by  
 Bankers Casino, a licensed gambling establishment in Salinas, California.

1 (b) For the purposes of this section, "unqualified person"  
2 means a person who is found to be unqualified pursuant to the  
3 criteria set forth in Section 19857, and "disqualified person" means  
4 a person who is found to be disqualified pursuant to the criteria set  
5 forth in Section 19859.

6 7. Business and Professions Code section 19824 provides in part:

7 The commission shall have all powers necessary and proper to  
8 enable it fully and effectually to carry out the policies and purposes of  
9 this chapter<sup>2</sup>, including, without limitation, the power to do all of the  
10 following:

11 \* \* \*

12 (b) For any cause deemed reasonable by the commission, deny  
13 any application for a license, permit, or approval provided for in this  
14 chapter or regulations adopted pursuant to this chapter, limit, condition,  
15 or restrict any license, permit, or approval, or impose any fine upon any  
16 person licensed or approved. . . .

17 \* \* \*

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

21 8. Business and Professions Code section 19870 provides:

22 (a) The commission, after considering the recommendation of the  
23 chief and any other testimony and written comments as may be  
24 presented at the meeting, or as may have been submitted in writing to  
25 the commission prior to the meeting, may either deny the application or  
26 grant a license to an applicant who it determines to be qualified to hold  
27 the license.

28 (b) When the commission grants an application for a license or  
approval, the commission may limit or place restrictions thereon as it  
may deem necessary in the public interest, consistent with the policies  
described in this chapter.

(c) When an application is denied, the commission shall prepare  
and file a detailed statement of its reasons for the denial.

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<sup>2</sup> "Chapter" refers to Business and Professions Code, division 8, chapter 5. (Bus. & Prof. Code, § 198005 et. seq.)

1 (d) All proceedings at a meeting of the commission relating to a  
2 license application shall be recorded stenographically or by audio or  
3 video recording.

4 (e) A decision of the commission denying a license or approval,  
5 or imposing any condition or restriction on the grant of a license or  
6 approval may be reviewed by petition pursuant to Section 1085 of the  
7 Code of Civil Procedure. Section 1094.5 of the Code of Civil Procedure  
8 shall not apply to any judicial proceeding described in the foregoing  
9 sentence, and the court may grant the petition only if the court finds that  
10 the action of the commission was arbitrary and capricious, or that the  
11 action exceeded the commission's jurisdiction.

12 9. Business and Professions Code section 19871 provides:

13 (a) The commission meeting described in Section 19870 shall be  
14 conducted in accordance with regulations of the commission and as  
15 follows:

16 (1) Oral evidence shall be taken only upon oath or affirmation.

17 (2) Each party shall have all of the following rights:

18 (A) To call and examine witnesses.

19 (B) To introduce exhibits relevant to the issues of the case.

20 (C) To cross-examine opposing witnesses on any matters  
21 relevant to the issues, even though the matter was not covered on  
22 direct examination.

23 (D) To impeach any witness, regardless of which party first  
24 called the witness to testify.

25 (E) To offer rebuttal evidence.

26 (3) If the applicant does not testify in his or her own behalf, he  
27 or she may be called and examined as if under cross-examination.

28 (4) The meeting need not be conducted according to technical  
rules relating to evidence and witnesses. Any relevant evidence may  
be considered, and is sufficient in itself to support a finding, if it is the  
sort of evidence on which responsible persons are accustomed to rely  
in the conduct of serious affairs, regardless of the existence of any  
common law or statutory rule that might make improper the admission  
of that evidence over objection in a civil action.

1 (b) Nothing in this section confers upon an applicant a right to  
2 discovery of the department's<sup>3</sup> investigative reports or to require  
3 disclosure of any document or information the disclosure of which is  
4 otherwise prohibited by any other provision of this chapter.

5 **SPECIFIC STATUTORY AND REGULATORY PROVISIONS**

6 10. Business and Professions Code section 19856, subdivision (a), provides in part:

7 The burden of proving his or her qualifications to receive any license  
8 is on the applicant.

9 11. Business and Professions Code section 19857 provides in part:

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

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

14 (b) A person whose prior activities, criminal record, if any,  
15 reputation, habits, and associations do not pose a threat to the public  
16 interest of this state, or to the effective regulation and control of  
17 controlled gambling, or create or enhance the dangers of unsuitable,  
18 unfair, or illegal practices, methods, and activities in the conduct of  
19 controlled gambling or in the carrying on of the business and financial  
20 arrangements incidental thereto.

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

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

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

26 (b) Failure of the applicant to provide information,  
27 documentation, and assurances required by this chapter or requested by  
28 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.

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<sup>3</sup> "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd.  
(h).)

1 FIRST CAUSE FOR DENIAL OF LICENSE APPLICATION

2 (Untruthful, Misleading or Dishonest Statements – Mandatory Denial)

3 13. Respondent's license application for a key employee license is subject to mandatory  
4 denial pursuant to Business and Professions Code section 19857, subdivisions (a) and/or (b), in  
5 that Respondent made untrue, misleading and/or dishonest statements of facts that are material to  
6 his qualification for licensure. Respondent's disqualifying conduct, any one incident of which in-  
7 an-of-itself is sufficient to support a mandatory denial, includes, but is not limited to, the  
8 following:

9 a. At the March 17, 2013, Commission meeting Respondent untruthfully, misleadingly  
10 and/or dishonestly stated to the Commission that on or about January 31, 2012, while on duty at  
11 Club One Casino (cardroom), a licensed gambling establishment in Fresno, California, he did not  
12 take \$500.00 of chips, for which he had not paid, from the cardroom's podium to gamble with at  
13 the cardroom.

14 b. At the March 17, 2013, Commission meeting Respondent untruthfully, misleadingly  
15 and/or dishonestly stated to the Commission that on or about January 31, 2012, while on duty at  
16 the cardroom, he comingled \$1,000.00 of his own money and/or chips with the funds and chips at  
17 the cardroom's podium.

18 c. At the March 17, 2013, Commission meeting Respondent untruthfully, misleadingly  
19 and/or dishonestly stated to the Commission that he had given the cardroom his notice of  
20 resignation six weeks prior to the above noted January 31, 2012, incident.

21 SECOND CAUSE FOR DENIAL OF LICENSE APPLICATION

22 (Unqualified for Licensure)

23 14. Respondent's application for a key employee license is subject to denial pursuant to  
24 Business and Professions Code section 19857, subdivision (b), in that Respondent has  
25 demonstrated a history, pattern and/or practice of conduct that demonstrates he lacks the requisite  
26 character, honesty and integrity necessary for licensure. His licensure poses a threat to the public  
27 interest of this state, or to the effective regulation and control of controlled gambling, or creates or  
28 enhances the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the

1 conduct of controlled gambling or in the carrying on of the business and financial arrangements  
2 incidental thereto, in that:

3 a. As noted in paragraph 13 above and incorporated herein by reference, Respondent  
4 provided dishonesty and/or misleading material information to the Commission, which is the state  
5 agency responsible for ensuring the public's interest in, and the integrity of, controlled gambling in  
6 California.

7 b. On or January 31, 2012, while on duty at the cardroom, Respondent took \$500.00 of  
8 chips from the cardroom's podium. He then gambled that money at the cardroom, while in  
9 possession of the key to the podium.<sup>4</sup> Respondent's conduct was a knowing and flagrant violation  
10 of the cardroom's policies and procedures. It was also a blatant disregard of internal controls  
11 necessary to protect the integrity of the podium, and the business and financial arrangements  
12 incidental to the operation of a controlled gambling operation.<sup>5</sup>

13 c. Despite being employed for about 15 years in the controlled gambling industry, during  
14 some of which he was responsible for the security and integrity of the podium, on or about March  
15 17, 2013, Respondent stated to the Commission that he did not know what an "imprest bank" was,  
16 which is commonly understood by the gambling industry to be a set or fixed amount of funds  
17 allocated to the podium. This lack of fundamental knowledge in an applicant for a key employee  
18 license creates or enhances the dangers of unsuitable, unfair, or illegal practices, methods, and  
19 activities in the conduct of controlled gambling or in the carrying on of the business and financial  
20 arrangements incidental thereto.

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22 <sup>4</sup> Alternatively, he left the key at the podium unattended while he gambled. There are  
23 conflicting accounts of this event. However, in either case it was a violation of the cardroom's  
24 policies and procedures, as well as a blatant disregard of internal controls necessary to protect the  
integrity of the podium, and the business and financial arrangements incidental to the operation of  
a controlled gambling operation.

25 <sup>5</sup> As an explanation for his inappropriate behavior, at the March 17, 2013, Commission  
26 meeting Respondent (dishonestly and/or misleadingly) stated to the Commission that the \$500.00  
27 in chips that he took from the podium was not the cardroom's. Rather, he claimed that it was part  
28 of \$1,000.00 of his own money (chips) that he had placed and comingled in the podium. This  
conduct, even if true, is also a knowing violation of the cardroom's policies and procedures, and a  
flagrant violation of necessary internal controls.

1 d. On or about September 25, 2009, while playing at a card game in the cardroom.  
2 Respondent was intoxicated, verbally assaulted a customer, broke up the card game that was in  
3 progress and was belligerent. He was asked to leave the cardroom.

4 e. On or about September 29, 2009, Respondent was terminated from his employment  
5 with the cardroom because of the September 25, 2009, incident noted above. In discussing the  
6 incident with the cardroom's owner and personnel director, Respondent dishonestly denied his  
7 conduct and responsibility for his actions.<sup>6</sup>

8 PRAYER

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

- 11 1. Denying the Application for Gambling Establishment Key Employee License  
12 Application for a State Gambling License submitted by Joseph Beltran, and  
13 2. Taking such other and further action as the Commission may deem appropriate.

14  
15 Dated: September <sup>17</sup> 30, 2014



Wayne J. Quint Jr., Chief  
Bureau of Gambling Control  
California Department of Justice  
Complainant

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27 <sup>6</sup> Respondent was employed at the cardroom from June 1999 to September 2009, and then  
28 again from May 2011 to January 2012. In both cases, it was Respondent's inappropriate conduct  
that caused the end of his employment at the cardroom.