

1 ROB BONTA
Attorney General of California
2 SARA J. DRAKE
Senior Assistant Attorney General
3 T. MICHELLE LAIRD
Supervising Deputy Attorney General
4 NEIL D. HOUSTON
Deputy Attorney General, SBN 168058
5 1300 I Street, Suite 125
P.O. Box 944255
6 Sacramento, CA 94244-2550
Telephone: (916) 210-7812
7 Fax: (916) 327-2319
E-mail: Neil.Houston@doj.ca.gov
8 *Attorneys for Complainant*



9
10 **BEFORE THE**
11 **CALIFORNIA GAMBLING CONTROL COMMISSION**
12 **STATE OF CALIFORNIA**

14 In the Matter of the Statement of Reasons for
Denial of Application for a Gambling
15 Establishment Key Employee License for:

16 **TERRANCE DOUGLAS SEGLEM**
17 [REDACTED]

18 Interim License No. GEKE-002504

21 **Respondent.**

BGC Case No. BGC-HQ2021-00039SL
CGCC Case No: CGCC-2021-1021-6A

19 **STATEMENT OF REASONS**

Hearing Date: May 16, 2022
Hearing Time: 10:00 a.m.
Hearing Place: 2399 Gateway Oaks, Ste. 100,
Sacramento, CA 95833

**This hearing will be conducted by means of
video conferencing on Zoom. The Zoom
meeting code is 285 757 8614**

23
24 Complainant alleges as follows:

25 **PARTIES**

26 1. Yolanda Morrow (Complainant) brings this Statement of Reasons solely in her
27 official capacity as Acting Director of the California Department of Justice, Bureau of Gambling
28 Control (Bureau).

1 7. The Bureau received Respondent's Notice of Defense dated November 15, 2021,
2 which indicated that Respondent was not at that time represented by an attorney.

3 8. On March 15, 2022, the Commission's staff notified Respondent that the evidentiary
4 hearing would be held before the Commission starting at 10:00 a.m. on May 16, 2022, and that
5 the meeting would be conducted via Zoom.

6 **BURDEN OF PROOF**

7 9. Respondent has the burden of proving that he is qualified to receive a license. (Bus.
8 & Prof. Code, § 19856, subd. (a).)

9 **FIRST CAUSE FOR DENIAL**

10 **(Disqualified for Licensure)**

11 10. Respondent failed to provide information, documentation, or assurances requested by
12 the Bureau despite repeated written requests for information concerning Respondent's personal
13 history (spouses and residences), employment history (agreements with gambling establishments,
14 reasons for leaving prior employment and statements of disclosure of previous employment, self-
15 employment as a proposition player with Casino Marysville), real estate transactions, multiple
16 collection/charge-off accounts, and a limousine business interest. Respondent also failed to
17 provide all income tax forms, a loan agreement, and 12 months of bank statements for at least two
18 bank accounts that were not originally disclosed on Respondent's supplemental information form.
19 As a result of Respondent's failure to provide this information and documentation, the Bureau
20 was not able to conduct a full review of Respondent's finances and was unable to complete its
21 background investigation.

22 11. Respondent's Application is subject to mandatory denial under Business and
23 Professions Code section 19859, subdivision (a), for failure to provide information,
24 documentation, or assurances when requested by the Bureau.
25 (Bus. & Prof. Code, §§ 19854, subd. (b), 19859, subd. (a); Cal. Code Regs., tit. 4, §12040 (a) (2).)

1 **SECOND CAUSE FOR DENIAL**

2 **(Failure to Establish Qualification for Licensure)**

3 12. As described in paragraph 10 above, Respondent failed to provide information to the
4 Bureau when requested, thus impeding the Bureau's conducting its investigation into
5 Respondent's qualification for licensure and failing to make full and true disclosure as required
6 by the Act.

7 13. The Bureau Report also establishes that Respondent was convicted of three offenses
8 in the State of Washington between September 9, 1994, and February 28, 2002, that are
9 equivalent to misdemeanors under California law. Respondent was also convicted of two
10 infractions, one in the State of Washington on July 18, 1994, and one in Las Vegas Township,
11 Nevada, on May 12, 2008. In summary, these convictions were as follows:

12 a. July 19, 1994: Pierce County District Court, Washington, Case No.
13 927259211. 46.61.525,² Negligent Driving—Second Degree (Infraction³).

14 b. September 9, 1994: Whatcom County, Washington, Case No. 7670597.
15 ARCW 46.20.342.3, Driving While License Suspended—Third degree (sentenced to 90
16 days/suspended).

17 c. September 9, 1994: Whatcom County, Washington, Case No. PA007054.
18 ARCW 9A.36.050, Reckless Endangerment (criminal non-traffic) (gross misdemeanor⁴)
19 (sentenced to 365 days/364 days suspended).

20 d. February 28, 2002: Pierce County District Court, Washington, Case No.
21 1YC002810, ARCW 46.61.5249, Negligent Driving-- First degree (sentenced to 90
22 days/80 days suspended⁵).

23 _____
24 ² Annotated Revised Code of Washington (ARCW), Title 46 Motor Vehicles.

25 ³ It is uncertain whether this offense was a misdemeanor or an infraction.

26 ⁴ As of the date of this Statement of Reasons, the maximum penalty for a gross
27 misdemeanor in the State of Washington is 364 days in county jail, and is therefore equivalent to
28 a misdemeanor under California law.

⁵ This sentence falls within the range of misdemeanor sentences in California.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

e. May 12, 2008: Las Vegas Township Justice Court, Nevada, Case No. 07M20964X. NRS 484.278⁵ (now renumbered 284B.300), Failure to Obey a Traffic Control Device (red light) (\$145 fine).

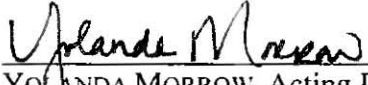
13. Respondent's failure to provide information when requested by the Bureau, failure to make full and true disclosure, impeding the Bureau's investigation, and Respondent's criminal records identified above show that Respondent is not a person of good character, honesty, and integrity within the meaning of Business and Professions Code section 19857, subdivision (a), and is therefore not qualified for licensure. The Application is subject to discretionary denial under Business and Professions Code section 19857. (Bus. & Prof. Code, §§ 19854, subd. (b), 19856, 19857, subd. (a), 19859, subd. (a), 19866; Cal. Code Regs., tit. 4, §12040 (a) (1).)

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 Respondent's Application for licensure as a key employee; and
- 2. Taking such other and further action as the Commission may deem appropriate.

Dated: March 28, 2021



 YOLANDA MORROW, Acting Director
 Bureau of Gambling Control
 California Department of Justice
 Complainant

⁵ Nevada Revised Statutes (NRS).

1 **APPENDIX A**

2 **BUSINESS AND PROFESSIONS CODE**

- 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 of
7 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 are conducted in a manner that is inimical to the public
14 health, safety, or welfare.

15 (2) Assuring that there is no material involvement,
16 directly or indirectly, with a licensed gambling operation, or
17 the 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" means a
22 person who is found to be unqualified pursuant to the criteria set forth
23 in Section 19857, and "disqualified person" means a person who is
24 found to be disqualified pursuant to the criteria set forth in Section
25 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
29 this chapter,⁷ including, without limitation, the power to do all of the
30 following:

31 * * *

32 (b) For any cause deemed reasonable by the commission, deny
33 any application for a license, permit, or approval provided for in this
34 chapter or regulations adopted pursuant to this chapter, limit,
35 condition, or restrict any license, permit, or approval, or impose any
36 fine upon any person licensed or approved. The commission may
37 condition, restrict, discipline, or take action against the license of an

38 ⁷ "Chapter" refers to Business and Professions Code, division 8, chapter 5. (commencing
with section 19800), also known as the Gambling Control Act.

1 individual owner endorsed on the license certificate of the gambling
2 enterprise whether or not the commission takes action against the
license of the gambling enterprise.

3 * * *

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

6
7 4. Business and Professions Code section 19853, subdivision (a), provides in part:

8 The commission, by regulation or order, may require that the
9 following persons register with the commission, apply for a finding of
suitability as defined in subdivision (i) of 19805, or apply for a
gambling license:

10 * * *

11 (3) Any person who does business on the premises of a
12 licensed gambling establishment.

13 5. Business and Professions Code, section 19854 provides, in part:

14 (a) Every key employee shall apply for and obtain a key
employee license.

15 (b) No person may be issued a key employee license unless the
16 person would qualify for a state gambling license.

17 6. Business and Professions Code section 19856 provides:

18 (a) Any person who the commission determines is qualified to
19 receive a state license, having due consideration for the proper
protection of the health, safety, and general welfare of the residents of
20 the State of California and the declared policy of this state, may be
issued a license. The burden of proving his or her qualifications to
21 receive any license is on the applicant.

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

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

1 7. Business and Professions Code section 19857 provides:

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

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

6 (b) A person whose prior activities, criminal record, if any,
7 reputation, habits, and associations do not pose a threat to the public
8 interest of this state, or to the effective regulation and control of
9 controlled gambling, or create or enhance the dangers of unsuitable,
10 unfair, or illegal practices, methods, and activities in the conduct of
11 controlled gambling, or in the carrying on of the business and financial
12 arrangements incidental thereto.

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

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

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

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

20 (b) Failure of the applicant to provide information,
21 documentation, and assurances required by this chapter or requested
22 by the chief, or failure of the applicant to reveal any fact material to
23 qualification, or the supplying of information that is untrue or
24 misleading to a material fact pertaining to the qualification criteria.

25 9. Business and Professions Code section 19866 provides:

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

10. Business and Professions Code section 19870 provides:

(a) The commission, after considering the recommendation of the
chief⁸ and any other testimony and written comments as may be
presented at the meeting, or as may have been submitted in writing to
the commission prior to the meeting, may either deny the application

⁸ "Chief" refers to the Director of the Bureau. (Bus. & Prof. Code, § 19805, subd. (d).)

1 or grant a license to an applicant who it determines to be qualified to
2 hold the license.

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

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

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

12 (e) A decision of the commission denying a license or approval,
13 or imposing any condition or restriction on the grant of a license or
14 approval may be reviewed by petition pursuant to Section 1085 of the
15 Code of Civil Procedure. Section 1094.5 of the Code of Civil
16 Procedure shall not apply to any judicial proceeding described in the
17 foregoing sentence, and the court may grant the petition only if the
18 court finds that the action of the commission was arbitrary and
19 capricious, or that the action exceeded the commission's jurisdiction.

20 11. Business and Professions Code section 19871 provides:

21 (a) The commission meeting described in Section 19870 shall be
22 conducted in accordance with regulations of the commission and as
23 follows:

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

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

27 (A) To call and examine witnesses.

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

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

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

(E) To offer rebuttal evidence.

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

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

9 (b) Nothing in this section confers upon an applicant a right to
10 discovery of the department's⁹ investigative reports or to require
11 disclosure of any document or information the disclosure of which is
12 otherwise prohibited by any other provision of this chapter.

13 CALIFORNIA CODE OF REGULATIONS

14 12. California Code of Regulations, title 4, section 12040, subdivision (a) provides, in
15 part:

16 An application for an initial or renewal license:

17 (1) Will be denied if the Commission finds that the applicant
18 has not satisfied the requirements of Business and Professions
19 Code section 19857; or,

20 (2) Will be denied if the Commission finds that any of the
21 provisions of Business and Professions Code section 19859 apply
22 to the applicant.

23 13. California Code of Regulations, title 4, section 12054, subdivision (a)(2) provides:

24 (a) At a non-evidentiary hearing meeting, the Commission may
25 take, but is not limited to taking, one renewal or other approval.

26 * * *

27 (2) Elect to hold or retract an evidentiary hearing in
28 accordance with Section 12056 and, for a renewal application,
issue an interim renewal license pursuant to Section 12035. The
Commission will identify those issues for which it requires
additional information or consideration related to the applicant's
suitability.

29 ⁹ "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd.
30 (h).)

1 14. California Code of Regulations, title 4, section 12056, subdivision (a) provides, in
2 part:

3 If the Commission elects to hold an evidentiary hearing, the
4 hearing will be conducted as a GCA hearing under Section 12060,
5 unless the Executive Director or the Commission determines the
6 hearing should be conducted as an APA hearing under Section
7 12058

8 14. California Code of Regulations, title 4, section 12060, provides:

9 (a) If the Executive Director determines it is appropriate, he or she
10 may set an application for consideration at a GCA hearing in advance of
11 a meeting pursuant to Section 12054. The Executive Director will give
12 notice to the applicant, pursuant to paragraph (2) subsection (c) of
13 Section 12052, to the Office of the Attorney General, and to the Bureau
14 no later than 90 calendar days in advance of the GCA hearing. The
15 Executive Director's determination will be based on information
16 contained in the Bureau's report or other appropriate sources including,
17 without limitation, a request from the Bureau or applicant as well as the
18 Commission's operational considerations.

19 (b) When a GCA hearing is elected pursuant to Section 12056,
20 subsection (a), the Executive Director will give notice to the applicant,
21 pursuant to paragraph (2) subsection (c) of Section 12052, to the Office
22 of the Attorney General, and to the Bureau no later than 60 calendar days
23 in advance of the GCA hearing.

24 (c) An applicant may request that his, her, or its GCA hearing be
25 held at a Southern California location instead of the Commission's
26 principal office in Sacramento, by completing the appropriate section on
27 the Notice of Defense, CGCC-CH1-03 (Rev. 08/21). The request must
28 be made on the initial Notice of Defense form submitted to the
Commission and Bureau within the timeframes specified on the form.

(1) The Executive Director will approve a Southern
California GCA hearing, if the request is timely made on the initial
Notice of Defense form and meets all of the following criteria:

(A) The GCA hearing is estimated by Commission
staff to last no longer than four hours.

(B) The primary residence of the applicant is located in
one of the following counties: Imperial, Kern, Los Angeles,
Orange, Riverside, San Diego, San Luis Obispo, San
Bernardino, Santa Barbara, or Ventura.

(C) A GCA hearing will be noticed for a Southern
California location only when it is in the best public interest,
promotes judicial economy, and comports with the
Commission's availability.

(2) If at any time before the hearing, the Executive Director
determines that the criteria in subparagraphs (A) through (C) of

1 paragraph (1) are no longer met, Commission staff may cancel the
2 Southern California GCA hearing and issue a new notice for a
hearing at the Commission's principal office in Sacramento.

3 (d) The presiding officer and her or his support staff will have no
4 communication with the Commission or Commission staff upon the
5 merits of an application prior to the evidentiary hearing. The Executive
6 Director will designate a presiding officer which will be:

- 7 (1) A member of the Commission's legal staff; or,
- 8 (2) An Administrative Law Judge.

9 (e) The applicant or the complainant, or the applicant and the
10 complainant, may request a continuance in writing to the Executive
11 Director stating the reason for the continuance and any proposed future
12 hearing dates. The Executive Director or Commission may approve the
13 request. For a Southern California GCA hearing, if a continuance is
14 granted, the hearing may be scheduled in Sacramento or Southern
15 California based on the criteria specified in subparagraphs (A) through
16 (C) of paragraph (1) of subsection (c).

17 (f) The complainant will provide to the applicant, subject to
18 subsection (b) of Section 12056, at least 45 calendar days prior to the
19 GCA hearing, and the applicant must provide to the complainant, at least
20 30 calendar days prior to the GCA hearing, the following items:

- 21 (1) A list of potential witnesses with the general subject of
22 the testimony of each witness;
- 23 (2) Copies of all documentary evidence intended to be
24 introduced at the hearing and not previously provided;
- 25 (3) Reports or statement of parties and witnesses, if
26 available; and
- 27 (4) All other written comments or writing containing relevant
28 evidence.

(g) A presiding officer will rule on the admissibility of evidence
and on any objections raised except for objections raised under
subsection (h). A ruling by the presiding officer is final.

(1) In advance of the GCA hearing, upon a motion of a party
or by order of the presiding officer, the presiding officer may
conduct a pre-hearing conference, either in person, via
teleconference, or by email exchange, subject to the presiding
officer's availability and will issue a pre-hearing order if
appropriate or requested by either party. The pre-hearing
conference and order may address the following.

- (A) Evidentiary issues;
- (B) Witness and exhibit lists;

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

(C) Alterations in the Bureau recommendation;

(D) Stipulations for undisputed facts and/or the admission of evidence including without limitation the Bureau's report;

(E) Authorizing offsite livestreaming appearances for parties or witnesses if good cause has been presented and only if the process for offsite livestreaming has been approved by the Executive Director; and,

(F) Other issues that may be deemed appropriate to promote the orderly and prompt conduct of the hearing.

(2) The GCA hearing need not be conducted according to technical rules of evidence. Any relevant evidence may be considered, and is sufficient in itself to support findings if it is the sort of evidence on which reasonable 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.

(h) The Commission may, at any time upon a showing of prejudice by the objecting party:

(1) Prohibit the testimony of any witness or the introduction of any documentary evidence that has not been disclosed pursuant to subsection (f); or

(2) Continue any meeting or hearing as necessary to mitigate any prejudice.

(i) The complainant will present all facts and information in the Bureau report, if any, and the results of the Bureau's background investigation, and the basis for any recommendation, if the Bureau filed one with the Commission according to Business and Professions Code section 19868, to enable the Commission to make an informed decision on whether the applicant has met his, her, or its burden of proof. The complainant may but is not required to recommend or seek any particular outcome during the evidentiary hearing, unless it so chooses.

(j) The burden of proof is always on the applicant to prove his, her, or its qualifications to receive any license or other approval under the Act.

(k) The applicant may choose to represent himself, herself, or itself, or may retain an attorney or lay representative. Lay representatives may assist the applicant but are not authorized to serve as an attorney as otherwise defined and regulated by state law.

(l) Except as otherwise provided in subsection (h), the complainant and applicant will have the right to call and examine witnesses under oath; to introduce relevant exhibits and documentary evidence; to cross-examine opposing witnesses on any relevant matter, even if the matter was not covered in direct examination; to impeach any witness,

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

regardless of which party first called the witness to testify; and to offer rebuttal evidence. If the applicant does not testify on his, her or its behalf, the applicant may be called and examined, under oath, as if under cross-examination.

(m) Oral evidence will be taken upon oath or affirmation, which may be administered by the Executive Director, a member of the Commission, or the presiding officer if an Administrative Law Judge.

(n) At the conclusion of the evidentiary hearing, the members of the Commission will take the matter under submission, may discuss the matter in a closed session meeting, and may schedule future closed session meetings for deliberation.