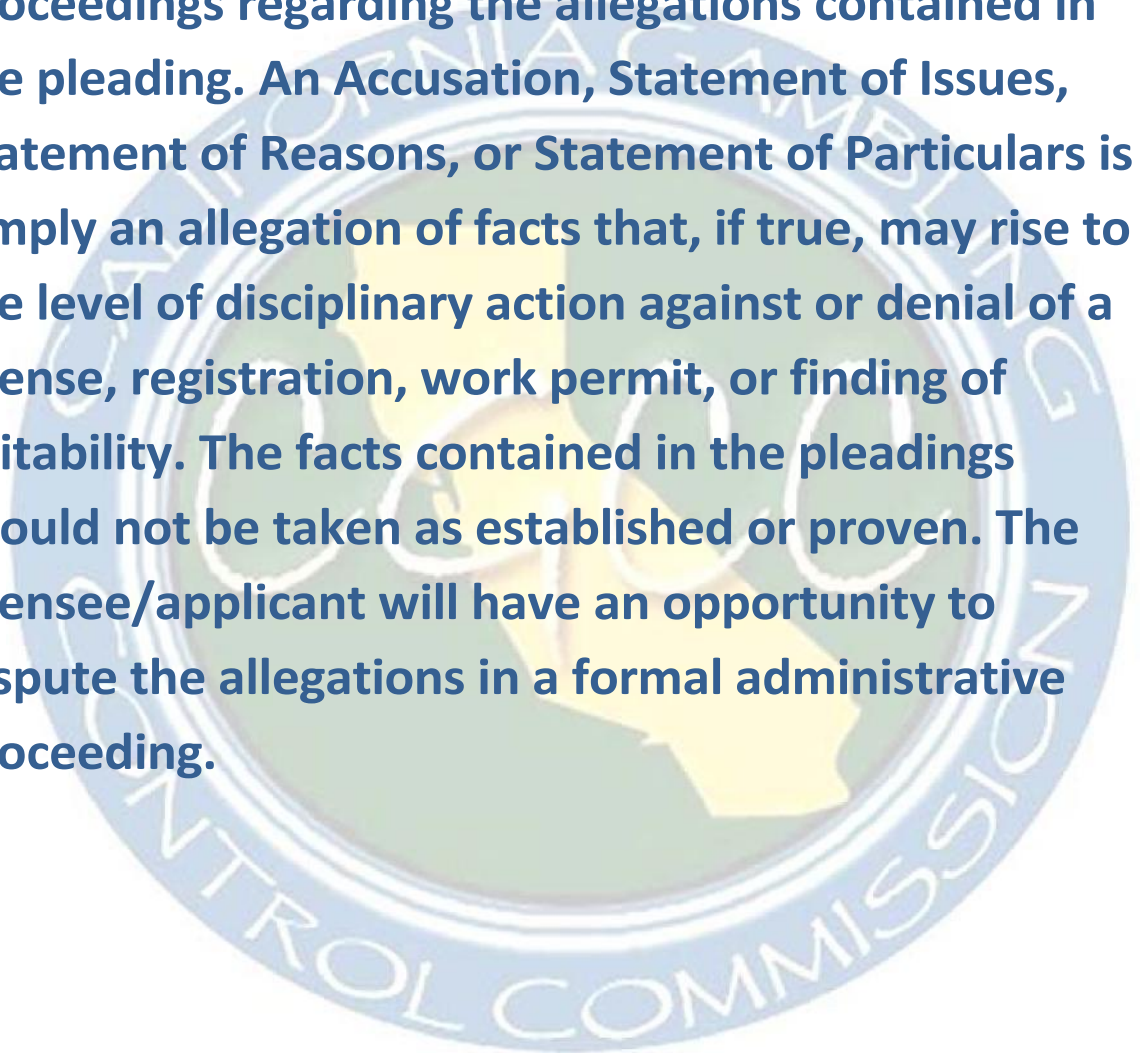


The Commission is providing a copy of this pleading (Accusation, or Statement of Reasons, Statement of Particulars, or Statement of Issues) so the public is as informed as possible of pending administrative proceedings regarding the allegations contained in the pleading. An Accusation, Statement of Issues, Statement of Reasons, or Statement of Particulars is simply an allegation of facts that, if true, may rise to the level of disciplinary action against or denial of a license, registration, work permit, or finding of suitability. The facts contained in the pleadings should not be taken as established or proven. The licensee/applicant will have an opportunity to dispute the allegations in a formal administrative proceeding.



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8
9 **BEFORE THE**
10 **CALIFORNIA GAMBLING CONTROL COMMISSION**
11 **STATE OF CALIFORNIA**

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

15 **JEFFREY SCOTT GEARY**
16 [REDACTED]

17
18 **Respondent.**

BGC Case No. BGC-HQ2023-00015AL

CGCC Case No: CGCC-2023-1116-5A

19 **STATEMENT OF REASONS**

Hearing Date: February 26-27, 2025
Hearing Time: 9:00 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.**

22
23 Complainant alleges as follows:

24 **PARTIES**

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

1 e. Sustained one misdemeanor conviction for violating Vehicle Code section
2 14601.2, subdivision (a) (driving when suspended for DUI) on October 18, 2017. Respondent
3 failed to disclose the conviction on his supplemental form;

4 f. Sustained one misdemeanor conviction for violating Vehicle Code section
5 14601.2, subdivision (a) (driving when suspended for DUI) on January 20, 2021. Respondent
6 failed to disclose his probationary status for this conviction on his supplemental form; and

7 g. Has a negative credit profile.

8 On August 31, 2023, the Bureau issued a Gambling Establishment Key Employee Initial
9 Background Investigation Report Level III (Report). The Report recommended denial of the
10 Application.

11 5. On June 12, 2023 and August 30, 2023, Assistant Director Lisa Wardall and Manager
12 II Frances Asuncion met by telephone with Respondent and his Designated Agent(s) and
13 informed them generally of the basis for the Bureau's recommendation to deny Respondent's
14 Application.

15 6. On November 2, 2023, the Commission notified Respondent that his Application
16 would be considered at its November 16, 2023 meeting. At its November 16, 2023 meeting, the
17 Commission considered the Application and voted to refer the matter to an evidentiary hearing
18 pursuant to California Code of Regulations, title 4, section 12054, subdivision (a)(4), to be
19 conducted as a hearing under the Gambling Control Act, Government Code section 19800 et seq.
20 (GCA), pursuant to California Code of Regulations, title 4, section 12060.¹

21 7. The Commission received Respondent's Notice of Defense dated November 21,
22 2023, which indicated that Respondent was represented by attorney Robert S. McWhorter.

23 8. On August 8, 2024, Respondent, through his attorney, was notified that the
24 evidentiary hearing would be held before the Commission starting at 9:00 a.m., on January 26-27,
25 2025, to be conducted via Zoom.

26 ///

27 ¹ The statutes and regulations applicable to this Statement of Reasons are quoted in
28 pertinent part in Appendix A.

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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: November ____, 2024



Yolanda Morrow, Director
Bureau of Gambling Control
California Department of Justice
Complainant

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APPENDIX A

BUSINESS AND PROFESSIONS CODE

1. Business and Professions Code section 19805 provides, in part:
 - (x) “Key employee” means any natural person employed in the operation of a gambling enterprise in a supervisory capacity or empowered to make discretionary decisions that regulate gambling operations, including, without limitation . . . cashier operations supervisors . . . or any other natural person designated as a key employee by the department for reasons consistent with the policies of this chapter.

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

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

3. Business and Professions Code section 19823 provides:
 - (a) The responsibilities of the commission include, without limitation, all of the following:
 - (1) Assuring that licenses, approvals, and permits are not issued to, or held by, unqualified or disqualified persons, or by persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.
 - (2) Assuring that there is no material involvement, directly or indirectly, with a licensed gambling operation, or the ownership or management thereof, by unqualified or disqualified persons, or by persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.
 - (b) For the purposes of this section, “unqualified person” means a person who is found to be unqualified pursuant to the criteria set forth in Section 19857, and “disqualified person” means a person who is found to be disqualified pursuant to the criteria set forth in Section 19859.

4. Business and Professions Code section 19824 provides, in part:

The commission shall have all powers necessary and proper to enable it fully and effectually to carry out the policies and purposes of

1 this chapter,^[2] including, without limitation, the power to do all of the
2 following:

3 * * *

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

13 * * *

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

17 5. Business and Professions Code section 19850 provides, in part:

18 Every person who, either as owner, lessee, or employee, whether
19 for hire or not, either solely or in conjunction with others, deals,
20 operates, carries on, conducts, maintains, or exposes for play any
21 controlled game in this state, or who receives directly or indirectly,
22 any compensation or reward, or any percentage or share of the money
23 or property played, for keeping, running, or carrying on any controlled
24 game in this state, shall apply for and obtain from the commission, and
25 shall thereafter maintain, a valid state gambling license, key employee
26 license, or work permit, as specified in this chapter.

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

28 The commission, by regulation or order, may require that the
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:

* * *

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

² “Chapter” refers to Business and Professions Code, division 8, chapter 5, (commencing with section 19800), also known as the Gambling Control Act.

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

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

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

8. Business and Professions Code section 19856 provides:

(a) Any person who the commission determines is qualified to receive a state license, having due consideration for the proper protection of the health, safety, and general welfare of the residents of 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 receive any license is on the applicant.

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

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

9. Business and Professions Code section 19857 provides:

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

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

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

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

10. 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:

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

3 (b) Failure of the applicant to provide information,
4 documentation, and assurances required by this chapter or requested
5 by the chief, or failure of the applicant to reveal any fact material to
6 qualification, or the supplying of information that is untrue or
7 misleading to a material fact pertaining to the qualification criteria.

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11 11. Business and Professions Code section 19866 provides:

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

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24 12. Business and Professions Code section 19870 provides:

25 (a) The commission, after considering the recommendation of the
26 chief³ and any other testimony and written comments as may be
27 presented at the meeting, or as may have been submitted in writing to
28 the commission prior to the meeting, may either deny the application
or grant a license to an applicant who it determines to be qualified to
hold the license.

(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) If, during a meeting, the commission denies an application,
denies approval, or approves with limits, restrictions, or conditions,
the action shall be stayed for a period of 30 days after the meeting,
during which the applicant may request an evidentiary hearing. If the
applicant does not file a request for an evidentiary hearing within 30
days, the action of the commission taken at the meeting is final. If the
applicant waives the right to hearing and assents to the action of the
commission in writing, upon receipt of the waiver by the commission,
the action shall no longer be stayed. If the applicant files a timely
request for an evidentiary hearing, the action shall be vacated and the
application shall be reviewed de novo at the evidentiary hearing.

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

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

³ “Chief” refers to the Director of the Bureau. (Bus. & Prof. Code, § 19805, subd. (d).)

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

9
10 13. Business and Professions Code section 19871 provides:

11 (a) An evidentiary hearing described in Section 19870 shall be
12 conducted in accordance with regulations of the commission and as
13 follows:

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

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

17 (A) To call and examine witnesses.

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

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

23 (D) To impeach any witness, regardless of
24 which party first 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,
27 he or she may be called and examined as if under cross-
28 examination.

(4) The hearing 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.

(b) This section does not confer upon an applicant a right to
discovery of the department's^[4] investigative reports or to require
disclosure of any document or information the disclosure of which is
otherwise prohibited by any other provision of this chapter.

⁴ "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd.
(h).)

1 **CALIFORNIA CODE OF REGULATIONS**

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

4 An application for an initial or renewal license:

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

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

9 15. California Code of Regulations, title 4, section 12054 provides:

10 (a) At a Commission meeting, the Commission may take, but is not limited to
11 taking, one of the following actions:

12 (1) Issue a license, temporary license, interim license, registration, permit, finding
of suitability, renewal or other approval.

13 (2) Issue a license, work permit, finding of suitability, or other approval with
14 conditions, restrictions, or limitations, and for a renewal application, issue an interim
15 renewal license pursuant to Section [12035](#).

16 (3) Deny an application for a license, work permit, finding of suitability, or other
17 approval, and for a renewal application, issue an interim renewal license pursuant to
Section [12035](#).

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

21 (5) Table or continue an item for consideration at a subsequent meeting, for any
22 purpose, including obtaining new or additional information from the applicant, Bureau or
23 Commission staff, provided that in the case of renewal applications, the Commission must
act on the application before the license expires.

24 (6) Extend a cardroom category license, TPPPS category license, registration, or
25 finding of suitability for up to 180 calendar days, as necessary, if an applicant has
26 submitted their renewal application prior to the original expiration date of the current
license, Commission work permit, registration, or finding of suitability, and the
Commission is unable to act on the application prior to the expiration date.

27 (7) Approve or deny a request for withdrawal pursuant to Section [12015](#).
28

1 (8) Make a finding of abandonment pursuant to subsection (c) of Section [12017](#).

2 (9) If the Bureau has filed an accusation with the Commission pursuant to
3 Business and Professions Code section 19930 prior to Commission action on a renewal
4 application, the Commission will issue an interim renewal license pursuant to
Section [12035](#).

5 (10) Issue a default decision pursuant to Section 12057.

6 (11) Consider a request for reconsideration pursuant to Section [12064](#).

7 (b) An applicant does not have a right to an evidentiary hearing pursuant to
8 Section [12056](#) if the Commission approves or denies a request for withdrawal pursuant to
9 paragraph (5) of subsection (a) or makes a finding of abandonment pursuant to paragraph
10 (6) of subsection (a), and that decision is final when issued, unless the Commission
specifies otherwise.

11 16. California Code of Regulations, title 4, section 12056, subdivision (a) provides, in
12 part:

13 If the Commission elects to hold an evidentiary hearing, the
14 hearing will be conducted as a GCA hearing under Section 12060,
15 unless the Executive Director or the Commission determines the
hearing should be conducted as an APA hearing under Section
12058

16 17. California Code of Regulations, title 4, section 12060, provides:

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

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

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

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

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

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

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

9 (2) If at any time before the hearing, the Executive Director determines that
10 the criteria in subparagraphs (A) through (C) of paragraph (1) are no longer met,
Commission staff may cancel the Southern California GCA hearing and issue a new
notice for a hearing at the Commission's principal office in Sacramento.

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

14 (1) A member of the Commission's legal staff; or,

15 (2) An Administrative Law Judge.

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

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

22 (1) A list of potential witnesses with the general subject of the testimony of
23 each witness;

24 (2) Copies of all documentary evidence intended to be introduced at the
hearing and not previously provided;

25 (3) Reports or statements of parties and witnesses, if available; and

26 (4) All other written comments, writings, or other items containing relevant
27 evidence.

28 (g) The provisions of subsection (f) of this section provide the exclusive right
to and method of discovery between the applicant and complainant to a GCA

1 hearing. Discovery is not permitted upon a Commission member or an advisor of
2 the Commission unless a showing is made that they have direct personal factual
3 information pertaining to material issues related to the application at issue and the
4 information to be gained from the Commission member or advisor of the
5 Commission is not available through any other sources.

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

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

14 (A) Evidentiary issues;

15 (B) Witness and exhibit lists;

16 (C) Alterations in the Bureau recommendation;

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

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

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

24 (2) The GCA hearing need not be conducted according to technical rules of
25 evidence. Any relevant evidence may be considered, and is sufficient in itself to
26 support findings if it is the sort of evidence on which reasonable persons are
27 accustomed to rely in the conduct of serious affairs, regardless of the existence of
28 any common law or statutory rule that might make improper the admission of that
evidence over objection in a civil action.

(i) 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.

(j) 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.

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(k) 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.

(l) 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.

(m) Except as otherwise provided in subsection (i), 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, 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.

(n) 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.

(o) 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.