



1 XAVIER BECERRA  
 Attorney General of California  
 2 SARA J. DRAKE  
 Senior Assistant Attorney General  
 3 T. MICHELLE LAIRD  
 Supervising Deputy Attorney General  
 4 COLIN A. WOOD  
 Deputy Attorney General, SBN 267539  
 5 1300 I Street, Suite 125  
 P.O. Box 944255  
 6 Sacramento, CA 94244-2550  
 Telephone: (916) 210-7834  
 7 Fax: (916) 327-2319  
 E-mail: Colin.Wood@doj.ca.gov  
 8 *Attorneys for Complainant*

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**BEFORE THE**  
  
**CALIFORNIA GAMBLING CONTROL COMMISSION**  
  
**STATE OF CALIFORNIA**

In the Matter of the Statement of Reasons for  
 Denial of Application for a Third-Party  
 Proposition Player Services License for:  
  
**PEDRO FABIAN REYES-AMADO**  
  
 Respondent.

**BGC Case No. BGC-HQ2019-00017SL**  
**CGCC Case No: CGCC-2019-0516-8Bi**  
  
**STATEMENT OF REASONS**

Complainant alleges as follows:

**PARTIES**

1. Stephanie K. Shimazu (Complainant) brings this Statement of Reasons solely in her official capacity as Director of the California Department of Justice, Bureau of Gambling Control (Bureau).
2. On or about May 22, 2017, the Bureau received an Application for Third-Party Proposition Player Services License for Supervisor, Player or Other Employee and a Level I

1 Supplemental Information Form, both signed on May 10, 2017 (collectively, Application), from  
2 Pedro Fabian Reyes-Amado (Respondent) to allow for his continued employment as a third-party  
3 proposition player (prop-player) for Blackstone Gaming, LLC (Blackstone), a registered third-  
4 party proposition player services provider, registration number TPPP-000119.<sup>1</sup>

5 3. Blackstone has employed Respondent as a prop-player since 2016. On or about  
6 December 1, 2016, the California Gambling Control Commission (Commission) issued  
7 Respondent a registration, number TPPL-018701, as a prop-player for this employment.  
8 Respondent's registration is currently scheduled to expire on November 30, 2019.

9 4. On or about February 6, 2019, the Bureau submitted to the Commission a Third-Party  
10 Player Background Investigation Report, recommending that Respondent's Application be  
11 denied.

12 5. At its May 16, 2019 meeting, the Commission referred consideration of Respondent's  
13 Application to an evidentiary hearing to be held pursuant to California Code of Regulations, title  
14 4, section 12060.<sup>2</sup>

15 6. On or about May 31, 2019, Respondent submitted a Notice of Defense.

#### 16 **BURDEN OF PROOF**

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

#### 19 **FIRST CAUSE FOR DENIAL**

##### 20 **(Admitted Driving on Suspended License and Blatant Disregard for the Law)**

21 8. Respondent's Application is subject to denial and his registration subject to  
22 revocation or cancellation in that his California driver's license was suspended following a  
23

24 \_\_\_\_\_  
25 <sup>1</sup> Respondent is required to convert his registration to a license and submit an application  
26 for such licensure pursuant to California Code of Regulations, title 4, sections 12205.1 and  
27 12218, because Blackstone was summoned on April 20, 2017, to submit an application to convert  
28 its registration to a license.

<sup>2</sup> The statutes and regulations applicable to this Statement of Reasons are quoted in  
pertinent part in Appendix A.

1 misdemeanor conviction for driving under the influence, but Respondent routinely drove on a  
2 suspended license.

3 9. When the Bureau asked about his driving on a suspended license, Respondent stated  
4 that he had tried not to drive, but he decided he would "continue to drive [his] car regardless of  
5 [his] suspended license."

6 (Bus. & Prof. Code, §§ 19856, 19857, subs. (a) & (b); Cal. Code. Regs., tit. 4, §§ 12200.18,  
7 subd. (a), 12205, 12218.11, subs. (e) & (f) [mandatory denial].)

8 **SECOND CAUSE FOR DENIAL**

9 **(Failure To Timely Provide Complete Information to the Bureau)**

10 10. Respondent's Application is further subject to denial and his registration subject to  
11 revocation or cancellation in that Respondent failed to timely provide complete information to the  
12 Bureau during the pendency of his application review.

13 11. Between June 2018 and October 2018, the Bureau made numerous requests for  
14 information. Respondent failed to respond to those requests for information in a timely and  
15 complete fashion. This disregard for simple requests shows unsuitability for licensure.


16 (Bus. & Prof. Code, §§ 19856, 19857, subs. (a) & (b), 19859 subs. (a) & (b), 19866; Cal. Code.  
17 Regs., tit. 4, §§ 12200.18, subd. (a), 12205, 12218.11, subs. (e) & (f) [mandatory denial].)

18 **PRAYER**

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

- 21 1. Denying Respondent's Application for a third-party proposition player license;  
22 2. Revoking or cancelling Respondent's registration, number TPPL-018701; and  
23 3. Taking such other and further action as the Commission may deem appropriate.

24  
25 Dated: September 9, 2019

26   
27 STEPHANIE K. SHIMAZU, Director  
28 Bureau of Gambling Control  
California Department of Justice  
Complainant



1 condition, restrict, discipline, or take action against the license of an  
2 individual owner endorsed on the license certificate of the gambling  
3 enterprise whether or not the commission takes action against the  
4 license of the gambling enterprise.

5 \* \* \*

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

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

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

14 \* \* \*

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

- 17 5. Business and Professions Code, section 19870 provides:

18 (a) The commission, after considering the recommendation of the  
19 chief<sup>4</sup> and any other testimony and written comments as may be  
20 presented at the meeting, or as may have been submitted in writing to  
21 the commission prior to the meeting, may either deny the application  
22 or grant a license to an applicant who it determines to be qualified to  
23 hold the license.

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

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

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

(e) A decision of the commission denying a license or approval,  
or imposing any condition or restriction on the grant of a license or  
approval may be reviewed by petition pursuant to Section 1085 of the  
Code of Civil Procedure. Section 1094.5 of the Code of Civil  
Procedure shall not apply to any judicial proceeding described in the  
foregoing sentence, and the court may grant the petition only if the

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<sup>4</sup> "Chief" refers to the Director of the Bureau. (Bus. & Prof. Code, § 19805, subd. (d).)

1 court finds that the action of the commission was arbitrary and  
2 capricious, or that the action exceeded the commission's jurisdiction.

3 6. Business and Professions Code, section 19871 provides:

4 (a) The commission meeting described in Section 19870 shall be  
5 conducted in accordance with regulations of the commission and as  
6 follows:

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

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

10 (A) To call and examine witnesses.

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

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

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

18 (E) To offer rebuttal evidence.

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

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

(b) Nothing in this section confers upon an applicant a right to  
discovery of the department's<sup>5</sup> 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.

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

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7. Business and Professions Code section 19984, subdivision (b), provides, in part:

The commission shall establish reasonable criteria for, and require the licensure and registration of, any person or entity that provides proposition player services to gambling establishments pursuant to this section, including owners, supervisors, and players . . . . The commission may impose licensing requirements, disclosures, approvals, conditions, or limitations as it deems necessary to protect the integrity of controlled gambling in this state . . . .

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

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

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

(a) If the Executive Director determines it is appropriate, he or she may set an application for consideration at a GCA hearing in advance of a meeting pursuant to Section 12054. The Executive Director shall give notice to the applicant, pursuant to paragraph (2) subsection (c) of Section 12052, to the Office of the Attorney 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 contained in the Bureau's report or other appropriate sources including, without limitation, a request from the Bureau or applicant as well as the Commission's operational considerations. The Commission retains the authority to refer the matter to an APA hearing pursuant to subsection (a) of Section 12056 or hear the matter at a Section 12054 meeting if the Commission deems it appropriate.

(b) When the Commission has elected to hold a GCA hearing, the Executive Director shall give notice to the applicant, pursuant to paragraph (2) subsection (c) of Section 12052, to the Office of the Attorney General, and to the Bureau no later than 60 calendar days in advance of the GCA hearing.

(c) The presiding officer shall have no communication with the Commission or Commission staff upon the merits, or upon information or documents related to the application prior to the evidentiary hearing. The Executive Director shall designate a presiding officer which shall be:

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

(d) The applicant or the complainant, or the applicant and the complainant, may request a continuance in writing to the Executive Director stating the reason for the continuance and any proposed

1 future hearing dates. The Executive Director or Commission may  
2 approve the request.

3 (e) The complainant shall provide to the applicant, at least 45  
4 calendar days prior to the GCA hearing, and the applicant shall  
5 provide to the complainant, at least 30 calendar days prior to the GCA  
6 hearing, the following items:

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

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

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

13 (4) All other written comments or writings containing  
14 relevant evidence.

15 (f) A presiding officer shall rule on the admissibility of evidence  
16 and on any objections raised except for objections raised under  
17 subsection (g). A ruling by the presiding officer shall be final.

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

25 (A) Evidentiary issues;

26 (B) Witness and exhibit lists;

27 (C) Alterations in the Bureau recommendation;

28 (D) Stipulation for undisputed facts including the  
admission of the Bureau's report; and

(E) 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.

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



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

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

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

9 (i) The burden of proof is on the applicant at all times to prove  
10 his, her, or its qualifications to receive any license or other approval  
under the Act.

11 (j) The applicant may choose to represent himself, herself, or  
12 itself, or may retain an attorney or lay representative.

13 (k) Except as otherwise provided in subsection (g), the  
complainant and applicant shall have the right to call and examine  
14 witnesses under oath; to introduce relevant exhibits and documentary  
evidence; to cross-examine opposing witnesses on any relevant matter,  
15 even if the matter was not covered in direct examination; to impeach  
any witness, regardless of which party first called the witness to  
16 testify; and to offer rebuttal evidence. If the applicant does not testify  
on his, her or its own behalf, the applicant may be called and  
17 examined, under oath, as if under cross-examination.

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

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

22  
23 10. California Code of Regulations, title 4, section 12200.3, subdivision (g), provides:

24 Registrations, licenses, and badges are specific to the primary  
owner. Third party proposition player services cannot be provided  
25 without first applying for and obtaining a registration, license, or  
badge.  
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1 11. California Code of Regulations, title 4, section 12205 provides:

2 (a) Any regular registration issued in accordance with this  
3 chapter<sup>6</sup> shall be subject to cancellation pursuant to this section. A  
4 registration shall be cancelled if the Commission determines after a  
5 noticed hearing that the registrant is ineligible for registration, has  
6 failed in the application for registration to reveal any fact material to  
7 the holder's qualification for registration, or has supplied information  
8 in the registration application that is untrue or misleading as to a  
9 material fact pertaining to the criteria for issuance of registration.

7 (b) If the Commission finds that any of the circumstances set  
8 forth in subsection (a) apply, then the Executive Director shall  
9 immediately do all of the following:

9 (1) Provide written notice to the registrant and the Bureau of  
10 the cancellation of the registration and the grounds thereof, and  
11 provide written notice of the cancellation to the owner, if the  
12 registrant is a supervisor, player, or other employee and to any  
13 gambling establishment in which the registrant provides  
14 proposition player services.

12 (2) Notify the registrant, if an individual, that he or she is  
13 required to surrender the registrant's badge to the Commission not  
14 more than ten days following the date that the notice of the  
15 cancellation was mailed or such greater time as is authorized by  
16 the Executive Director.

16 12. California Code of Regulations, title 4, section 12205.1, provides:

17 (a) As expeditiously as possible in light of available program  
18 resources, the Bureau shall summon persons registered as primary  
19 owners, owners, supervisors, players, and other employees for the  
20 purpose of applying for licenses under this chapter. The registration of  
21 any registrant that fails or refuses to submit the applicable Application  
22 for Third Party Proposition Player Services License for Business  
23 Entities and Owners (BGC-433 (Rev. 10/17)) or Application for  
24 Third-Party Proposition Player Services License for Supervisors,  
25 Players or Other Employees (BGC-434 (Rev. 10/17)), which are  
26 hereby incorporated by reference, including any fees to the Bureau  
27 within 30 days of receiving a summons shall expire by operation of  
28 law on the following day. Prior to and during review of a request to  
convert a registration to a license, a registration shall remain valid and  
may be renewed by the registrant as necessary, upon application and  
approval of renewal of registration as provided in Section 12203A.

(b) Any person who became affiliated with a primary owner  
following receipt of a summons from the Bureau shall apply for

27 <sup>6</sup> "Chapter" refers to California Code of Regulations, title 4, division 18, chapter 2.1,  
28 section 12200 et seq.

1 registration pursuant to this chapter and shall be called forward by the  
2 Bureau expeditiously.

3 (c) If the registration expires by operation of law, the former  
4 registrant shall submit a new Application for Third Party Proposition  
5 Player Services License for Business Entities and Owners (BGC-433)  
6 or Application for Third-Party Proposition Player Services License for  
7 Supervisors, Players or Other Employees (BGC-434), which are  
8 referenced in subsection (a), and a new nonrefundable application fee  
9 as specified in paragraph (1), and the applicable additional fee  
10 specified in paragraph (3), (4), or (5) of subsection (d) of Section  
11 12008.

12 13. California Code of Regulations, title 4, section 12218 provides:

13 (a) A request to convert a registration to a license shall be  
14 submitted to the Bureau only in response to a written summons to a  
15 primary owner pursuant to Section 12205.1. Each primary owner's  
16 request shall be accompanied by the requests of all affiliated owners,  
17 supervisors, players, and other employees.

18 (b) The request to convert a registration to a license shall  
19 designate whether the license is requested as a primary owner, owner,  
20 supervisor, player, or other employee. The request shall be signed by  
21 the individual requester or, if the requester is a business entity, by the  
22 chief executive officer or other designated officer of the business  
23 entity.

24 (c) The request to convert a registration to a license shall include  
25 all of the following:

26 (1) A completed Application for Third Party Proposition  
27 Player Services License for Business Entities and Owners (BGC-  
28 433) or Application for Third-Party Proposition Player Services  
License for Supervisors, Players or Other Employees (BGC-434),  
referenced in Section 12205.1.

(2) If applicable, the Trust Supplemental Background  
Investigation Information, BGC-APP-143 (Rev. 05/08), referenced  
in Section 12342 of this division.

(3) The applicable nonrefundable application fee in the  
amount specified in subsection (d) of Section 12008.

(4) Two 2x2 inch color passport-style photographs of a  
requester that is an individual taken no more than one year before  
submission of the request to the Bureau.

(5) The supplemental information package as defined in  
Section 12200(b).

(6) A sum of money that, in the judgment of the Chief of the  
Bureau, will be adequate to pay the anticipated investigation and

1 processing costs, in accordance with Business and Professions  
2 Code sections 19867 and 19984(c).

3 (7) A copy of the summons issued by the Bureau.

4 (d) Nothing in this chapter shall require the Commission or  
5 Bureau to divulge to the requester any confidential information  
6 received from any law enforcement agency or any information  
7 received from any person with assurances that the information would  
8 be maintained as confidential. Nothing in this chapter shall require the  
9 Commission or Bureau to divulge any information that might reveal  
10 the identity of any source of information or jeopardize the safety of  
11 any person.

### 12 SPECIFIC STATUTORY AND REGULATORY PROVISIONS

13 14. Business and Professions Code section 19856 provides, in part:

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

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

22 (c) In reviewing an application for any license, the commission  
23 shall consider whether issuance of the license is inimical to public  
24 health, safety, or welfare, and whether issuance of the license will  
25 undermine public trust that the gambling operations with respect to  
26 which the license would be issued are free from criminal and  
27 dishonest elements and would be conducted honestly. (a) The  
28 burden of proving his or her qualifications to receive any license is  
on the applicant.

15. 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.

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

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

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

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

8 (b) Failure of the applicant to provide information,  
9 documentation, and assurances required by this chapter or requested  
10 by the chief, or failure of the applicant to reveal any fact material to  
11 qualification, or the supplying of information that is untrue or  
12 misleading as to a material fact pertaining to the qualification criteria.

13 17. Business and Professions Code section 19866 provides:

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

19 18. California Code of Regulations, title 4, section 12200.18, provides, in part:

20 The Commission may revoke a registration or license, upon any of  
21 the following grounds, after a hearing conducted pursuant to the same  
22 procedures applicable to the revocation of a gambling establishment  
23 license:

24 (a) The registrant or licensee committed, attempted to commit,  
25 or conspired to commit any acts prohibited by the Act<sup>(7)</sup> or this  
26 chapter.

27 (b) Any act or omission by the registrant that would disqualify  
28 the registrant from obtaining registration under this chapter. Any act  
or omission by the licensee that would disqualify the licensee from  
obtaining licensing under this chapter.

\* \* \*

(f) The registrant or licensee concealed or refused to disclose  
any material fact in any inquiry by the Bureau or the Commission.

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<sup>7</sup> "Act" refers to the "Gambling Control Act." (Bus. & Prof. Code, § 19800 et seq.)

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19. California Code of Regulations, title 4, section 12218.11, provides, in part:

A requester shall be ineligible for licensing for any of the following causes:

\* \* \*

(e) The requester has failed to meet the requirements of Business and Professions Code sections 19856 or 19857.

(f) The requester would be ineligible for a state gambling license under any of the criteria set forth in Business and Professions Code section 19859, subdivisions (b), (e), or (f).