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

13
14 In the Matter of the Statement of Reasons for
15 Denial of Application for a Third-Party
Proposition Player Services License for:

Case Nos.: CGCC-2021-0408-8

BGC-HQ2021-00019SL

16 **Steven Yu Wang**

17 **STATEMENT OF REASONS**

Hearing Date: December 15, 2021

Hearing Time: 10:00 a.m.

Hearing Place: 2399 Gateway Oaks, Ste. 100
Sacramento, CA 95833

18
19 Respondent.

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

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21
22 Complainant alleges as follows:

23 **PARTIES**

24 1. Nathan DaValle (Complainant) brings this Statement of Reasons for Denial of
25 Application for a Third-Party Proposition Player Services License solely in his official capacity as
26 the Acting Director of the California Department of Justice, Bureau of Gambling Control
27 (Bureau).
28

1 **FIRST CAUSE FOR DENIAL**
2 **(Misdemeanor Conviction - Unsuitable for Licensure)**

3 8. Respondent's Application is subject to denial and his registration voided because
4 Respondent engaged in illegal behavior, demonstrating a willingness to violate the law and a
5 conscious disregard for the health, safety, and welfare of others.² Specifically, on or about
6 November 21, 2019, Respondent was convicted of violating Health and Safety Code section
7 11358, cultivation of cannabis, a misdemeanor, in the case of *The People of the State of*
8 *California v. Yu Wang* (Super. Ct. Los Angeles County, 2019, Case No. KA121184).
9 (Bus. & Prof. Code, §§ 19856, 19857, 19859, subds. (a) & (b) [mandatory denial]; Cal. Code.
10 Regs., tit. 4, §§ 12040, subds. (a)(1), (2) [mandatory denial], 12122, subd. (d), 12130, subd. (d).)

11 **SECOND CAUSE FOR DENIAL**
12 **(Providing Untrue or Misleading Information)**

13 9. Respondent's Application is subject to denial and his registration voided because he,
14 under penalty of perjury, failed to disclose derogatory information on his Application. On his
15 Application, in an explanatory note related to his conviction described in paragraph 8 above,
16 Respondent stated that he "did not know" the property he rented to his friend and co-worker will
17 be used "to grow marijuana." Subsequently, after issuance of the Bureau's background report, he
18 wrote a statement to the members of the Commission admitting his tenant told him "he will be
19 using the house to grow cannabis" yet Respondent provided untrue information to the Bureau
20 because he was afraid he would lose his "third-party license." This statement indicates
21 Respondent's awareness of the materiality of the untrue and the misleading nature of the
22 information he submitted and his desire to conceal the truth from the Bureau. Respondent's
23 submissions to the Bureau further indicate he is not a person of good character, honesty, and
24 integrity, and that he poses a threat to the effective regulation and control of controlled gambling.

25 ² Respondent applied for and was issued a third-party proposition player services
26 registration under regulations in effect when he applied. Those regulations were repealed and
27 replaced with a temporary licensing program, effective January 1, 2021. Pursuant to California
28 Code of Regulations, title 4, section 12130, subdivision (d), a previously issued third-party
proposition player services registration is subject to the same conditions as a temporary license,
thus making the registration void upon denial of the license application by the Commission,
pursuant to California Code of Regulations, title 4, section 12122, subdivision (d).


1 In aggravation, on or about September 15, 2016, Respondent provided untrue information to
2 officer(s) investigating the events that led to his conviction identified in paragraph 8 above.
3 (Bus. & Prof. Code, §§ 19856, 19857, subd. (a), 19859, subds. (a) & (b) [mandatory denial],
4 19866; Cal. Code Regs., tit. 4, §§ 12040, subds. (a)(1), (2) [mandatory denial], 12122, subd. (d),
5 12130, subd. (d).)

6 **PRAYER**

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

- 9 1. Denying Respondent’s Application for Third-Party Proposition Player Services
10 License for Supervisor, Player or Other Employee;
11 2. Voiding Respondent’s registration number TPPL-025425; and
12 3. Taking such other and further action as the Commission may deem appropriate.

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14 Dated: July 26, 2021

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17 Nathan DaValle, Acting Director
18 Bureau of Gambling Control
19 California Department of Justice
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1 fine upon any person licensed or approved. The commission may
2 condition, restrict, discipline, or take action against the license of an
3 individual owner endorsed on the license certificate of the gambling
4 enterprise whether or not the commission takes action against the
5 license of the gambling enterprise.

6 * * *

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

10 4. Business and Professions Code, section 19853, subdivision (a), provides:

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

15 * * *

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

18 5. Business and Professions Code section 19856 provides, in part:

19 (a) The burden of proving his or her qualifications to receive
20 any license is on the applicant.

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

25 6. Business and Professions Code, section 19857 provides, in part:

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

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

7. 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:

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

(b) Failure of the applicant to provide information,
documentation, and assurances required by this chapter or requested
by the chief, or failure of the applicant to reveal any fact material to

1 qualification, or the supplying of information that is untrue or
2 misleading as to a material fact pertaining to the qualification criteria.

3 8. Business and Professions Code section 19866 provides:

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

9 9. Business and Professions Code, section 19870 provides:

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

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

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

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

25 (e) A decision of the commission denying a license or
26 approval, or imposing any condition or restriction on the grant of a
27 license or approval may be reviewed by petition pursuant to Section
28 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
court finds that the action of the commission was arbitrary and
capricious, or that the action exceeded the commission's jurisdiction.

10. Business and Professions Code, section 19871 provides:

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

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

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

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

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(A) To call and examine witnesses.

(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.

(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.

(b) Nothing in this section confers upon an applicant a right to discovery of the department's⁴ 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.

11. 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. . . .

12. California Code of Regulations, title 4, section 12040, subdivisions (a)(1) and (a)(2), provide:

(a) An application for an initial or renewal license:

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

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

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

13. 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 .

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

(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 will 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.

(b) When the Commission has elected to hold a GCA hearing, the Executive Director will 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.

15. California Code of Regulations, title 4, section 12122, subdivision (d), provides:

(d) Upon issuance or denial of a license or Commission work permit by the Commission, the temporary license will become void and cannot be used thereafter.

16. California Code of Regulations, title 4, section 12130, subdivision (d), provides:

(d) A TPPPS [Third-Party Proposition Player Services] registration includes all conditions of a temporary license provided in subsections (a), (b), and subsections (d) and (e) of Section 12122.

