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

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

15 **MICHAEL ANGEL ESPUDO JR.**
16 
17 

18 **Respondent.**
19

BGC Case No. BGC-HQ2024-00004AL

CGCC Case No: CGCC-2024-0125-8C

20 **STATEMENT OF REASONS**

Hearing Date: October 1, 2024
Hearing Time: 10:00 a.m.
Hearing Place: 2399 Gateway Oaks, Ste. 100,
Sacramento, CA 95833

21 **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 five-year term. The terms and conditions of probation are not apparent from the records currently
2 in the Bureau's possession.

3 b. On or around August 9, 2006, Respondent was convicted of one misdemeanor
4 count of violating Vehicle Code section 23152, subdivision (a) (Driving Under Influence of
5 Alcohol/Drugs) and one misdemeanor count of violating Vehicle Code section 12500,
6 subdivision (a) (Unlawful to Drive Unless Licensed) in a matter titled *People v. Michael Angel*
7 *Espudo Jr.*, Case No. BCM15048. The consequences arising from this conviction are not
8 apparent from the records currently in the Bureau's possession.

9 c. On or around August 9, 2006, Respondent was convicted of one misdemeanor
10 count of violating Vehicle Code section 23152, subdivision (a) (Driving Under Influence of
11 Alcohol/Drugs), one misdemeanor count of violating Vehicle Code section 23152, subdivision (b)
12 (Driving Under Influence of Alcohol/Drugs), and one misdemeanor count of violating Vehicle
13 Code section 12500, subdivision (a) (Unlawful to Drive Unless Licensed). On August 27, 2006,
14 Respondent was convicted of one misdemeanor count of violating Penal Code section 1214.1
15 (Failure to Pay Civil Assessment). The convictions arose from a matter titled *People v. Michael*
16 *Angel Espudo Jr.*, Case No. BCM15054. Respondent was sentenced to ten days of jail time with
17 imposition of sentence suspended, ordered to participate in a Second Offender DUI Program in
18 addition to payment of fines and fees and placed on probation for a five-year term. The terms and
19 conditions of probation are not apparent from the records currently in the Bureau's possession.

20 6. On November 6, 2023, Assistant Director Lisa Wardall and Manager II Brian
21 Gilleland met by telephone with Respondent and informed him generally of the basis for the
22 Bureau's recommendation to deny his Application.

23 7. On November 7, 2023, the Bureau issued its Third-Party Worker Initial Background
24 Investigation Report in this matter, recommending that the Commission deny the Application on
25 the ground that Respondent had failed to disclose several misdemeanor convictions and that his
26 criminal history of nine misdemeanor convictions over the course of sixteen years demonstrates a
27 pattern of disregard for the law.
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1 **FIRST CAUSE FOR DENIAL**

2 **(Disqualified for Licensure)**

3 13. In the Application’s Supplemental Information Form, Respondent affirmatively
4 represented that he had only sustained the two misdemeanor convictions described in paragraph
5 no. 4 above. In fact, Respondent sustained seven additional convictions that he failed to disclose
6 in the Application as further described in paragraph no. 5 above. Respondent’s Application is
7 therefore subject to mandatory denial under Business and Professions Code section 19859,
8 subdivision (b), for supplying information that is untrue or misleading as to a material fact
9 pertaining to the qualification criteria. (Bus. & Prof. Code, §§ 19859, subd. (b); Cal. Code Regs.,
10 tit. 4, § 12040 (a) (2).)

11 **SECOND CAUSE FOR DENIAL**

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

13 14. As described in paragraph 13 above, Respondent supplied information that is untrue
14 or misleading as to a material fact pertaining to the qualification criteria. By doing so,
15 Respondent also failed to make full and true disclosure as required by the Act. Respondent also
16 has a significant criminal history having sustained nine convictions over an approximate fourteen-
17 year period. By acting in the manner described herein, Respondent has failed to establish that he
18 is a person of good character, honesty, and integrity, and has further failed to establish that his
19 prior activities, criminal record, and habits do not pose a threat to the public interest of this state,
20 or to the effective regulation and control of controlled gambling. The Application is therefore
21 subject to discretionary denial under Business and Professions Code section 19857. (Bus. & Prof.
22 Code, §§ 19856, 19857, subds. (a) & (b), 19859, subd. (a), 19866; Cal. Code Regs., tit. 4, §12040
23 (a) (1).)

24 **PRAYER**


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

27 1. Denying Respondent’s Application for Approval of a Third-Party Proposition Player
28 Services Worker License; and

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2. Taking such other and further action as the Commission may deem appropriate.

Dated: August __, 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 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 operations of gambling establishments is vested in the commission.

2. 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.

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

* * *

(b) For any cause deemed reasonable by the commission, deny any application for a license, permit, or approval provided for in this chapter or regulations adopted pursuant to this chapter, limit, condition, or restrict any license, permit, or approval, or impose any

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

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 19850 provides, in part:

11 Every person who, either as owner, lessee, or employee, whether
12 for hire or not, either solely or in conjunction with others, deals,
13 operates, carries on, conducts, maintains, or exposes for play any
14 controlled game in this state, or who receives, directly or indirectly,
15 any compensation or reward, or any percentage or share of the money
16 or property played, for keeping, running, or carrying on any controlled
17 game in this state, shall apply for and obtain from the commission, and
18 shall thereafter maintain, a valid state gambling license, key employee
19 license, or work permit, as specified in this chapter. In any criminal
20 prosecution for violation of this section, the punishment shall be as
21 provided in Section 337j of the Penal Code.

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

23 The commission, by regulation or order, may require that the
24 following persons register with the commission, apply for a finding of
25 suitability as defined in subdivision (j) of Section 19805, or apply for a
26 gambling license:

27 * * *

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

6. 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.

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

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7. 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.

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

9. Business and Professions Code section 19866 provides:

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

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2 10. Business and Professions Code section 19870 provides:

3 (a) The commission, after considering the recommendation of the
4 chief and any other testimony and written comments as may be
5 presented at the meeting, or as may have been submitted in writing to
6 the commission prior to the meeting, may deny the application, grant a
7 license to an applicant who it determines to be qualified to hold the
8 license, or refer the application to an evidentiary hearing.

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

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

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

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

(f) A decision of the commission after an evidentiary hearing,
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 does not apply to any judicial
proceeding held to consider that petition, 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.

11. Business and Professions Code section 19871 provides:

(a) An evidentiary hearing 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.

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

(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 if 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 on their own behalf, the applicant may be called and examined as if under cross-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 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.

CALIFORNIA CODE OF REGULATIONS

12. California Code of Regulations, title 4, section 12040, provides, in part:

(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,

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

* * *

1 13. California Code of Regulations, title 4, section 12054, provides, in pertinent part:

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

4 * * *

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

11 14. California Code of Regulations, title 4, section 12056, provides, in part:

12 (a) If the Commission elects to hold an evidentiary hearing, or an
13 applicant has elected to request an evidentiary hearing following a
14 Commission approval with conditions, restrictions, or limitations
15 pursuant to paragraph (2) of subsection (a) of Section 12054 or a
16 denial pursuant to paragraph (3) of subsection (a) of Section 12054,
17 the hearing will be conducted as a GCA hearing under Section 12060,
18 unless the Executive Director or the Commission determines the
19 hearing should be conducted as an APA hearing under Section 12058.
20 . . .

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

22 (a) If the Executive Director determines it is appropriate, he or she
23 may set an application for consideration at a GCA hearing in advance of
24 a meeting pursuant to Section 12054. The Executive Director will give
25 notice to the applicant, pursuant to paragraph (2) subsection (c) of
26 Section 12052, to the Office of the Attorney General, and to the Bureau
27 no later than 90 calendar days in advance of the GCA hearing. The
28 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 a GCA hearing is elected pursuant to Section 12056,
subsection (a), 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.

(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) The Executive Director will approve a Southern
California GCA hearing, if the request is timely made on the initial

1 Notice of Defense form and meets all of the following criteria:

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

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

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

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

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

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

22 (2) An Administrative Law Judge.

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

(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 must provide to the complainant, at least
30 calendar days prior to the GCA hearing, the following items:

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

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

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

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

1 (g) The provisions of subsection (f) of this section provide the
2 exclusive right to and method of discovery between the applicant and
3 complainant to a GCA hearing. Discovery is not permitted upon a
4 Commission member or an advisor of the Commission unless a showing
5 is made that they have direct personal factual information pertaining to
6 material issues related to the application at issue and the information to
7 be gained from the Commission member or advisor of the Commission is
8 not available through any other sources.

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

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

19 (A) Evidentiary issues;

20 (B) Witness and exhibit lists;

21 (C) Alterations in the Bureau recommendation;

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

25 (E) Authorizing offsite livestreaming appearances for
26 parties or witnesses if good cause has been presented and
27 only if the process for offsite livestreaming has been
28 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.

(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

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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.

(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.