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9	BEFORI	ETHE		
10	CALIFORNIA GAMBLING CONTROL COMMISSION			
11	STATE OF CA	LLIFORNIA		
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14	In the Matter of the Accusation Against:	BGC Case No. HQ2014-00005AL		
15	ROBERT E. LYTLE	OAH No.		
16	9360 Blue Oak Drive	ACCUSATION		
17	Orangevale, CA 95662			
18	LICENSE NUMBERS:			
19	GEKE-001373			
20	GEOW-003415 GEOW-003416			
21				
22	Complainant alleges as follows:			
23	PART	TEC		
		시 :		
24	1. Wayne J. Quint, Jr. (Complainant) brings this Accusation solely in his official			
25	capacity as the Chief of the California Department of Justice, Bureau of Gambling Control			
26	(Bureau).			
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3. The California Gambling Control Commission (Commission) issued each of Respondent's licenses.

STATEMENT OF THE CASE

4. This case seeks to discipline Respondent's licenses – by revocation, suspension, and/or fine as appropriate – for his violations of, and lack suitability for continued licensing under, the Act, the regulations adopted pursuant to the Act, and other laws of the State of California. Until December 30, 2007, Respondent was a sworn law enforcement officer and the Director, Division of Gambling Control (Division), which was the Bureau's predecessor. In those capacities, he had overall responsibility for the Division's performance of its duties under the Act. He was familiar with the need for full and true disclosure of information necessary to carry out the State's policies relating to the licensing, registration, and control of gambling. He also was familiar with the importance of confidentiality to the Division's investigations and licensing activities, the attorney-client privilege as it relates to the open communication between the Division and its attorneys, and the privacy rights of licensees, applicants, and others.

continued licensure; therefore, each of his licenses should be disciplined.

FACTS UNDERLYING CAUSES FOR DISCIPLINE

incidental to the conduct of controlled gambling. Respondent is not suitable or qualified for

Respondent's acts and omissions, including without limitation those alleged in this

Accusation, show that for personal gain and the gain of those whom he came to represent, he

abandoned the basic principles of the state agency, and the general public, that he served. Many

door provisions. Respondent's acts and omissions, including without limitation those alleged in

of those acts and omissions were in derogation of the State's conflict of interest and revolving

Respondent is not a person of good character, honesty, and integrity. His acts and omissions,

including those alleged in this Accusation, pose a threat to the effective regulation and control

this Accusation, were inimical to public health, safety, and welfare and demonstrate that

of controlled gambling, and create or enhance the dangers of unsuitable, unfair, or illegal

practices, methods, and activities in carrying on the business and financial arrangements

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- 6. Complainant is informed and believes and, therefore, alleges that, as a sworn law enforcement officer and Director of the Division, Respondent was familiar with the Act's provisions protecting information from disclosure and the need for licensing and investigatory agencies to maintain the confidentiality of information. Complainant further is informed and believes and, therefore, alleges that, as Director of the Division and a senior official in the California Department of Justice, Respondent knew that communications with attorneys were privileged from disclosure. Complainant also is informed and believes and, therefore, alleges that, as Director of the Division and a senior official in the California Department of Justice, Respondent was familiar with, and received education regarding, the State's revolving door and conflict of interest provisions.
- 7. In the fall of 2007, as the Division's Director, Respondent oversaw the regulation of gambling establishments and the Act's enforcement. As part of his duties and responsibilities, Respondent undertook to decide regulatory matters relating to, and directly participate in the regulation of, Garden City Casino (Garden City), which was located in San Jose, California. Among other things, he met with the Garden City's owners and others with respect to

outstanding notices of violation served on Garden City by the San Jose Police Department and the Division. He also decided, and directed the Division's employees and others, to cut back ongoing investigatory activities regarding Garden City.

- 8. During its investigation into Respondent's suitability for a state gambling license, the Bureau learned that prior to December 4, 2007, Respondent entered into negotiations with Garden City concerning prospective engagement as its compliance director. Those negotiations led to Garden City's attorney preparing a draft independent contractor agreement that was emailed to Respondent on or about December 4, 2007. Thereafter, Garden City's attorney revised the prospective agreement and emailed another draft to Respondent on or about December 24, 2007.
- 9. On December 30, 2007, Respondent retired from state service. On or about December 31, 2007, Respondent and Garden City entered into the agreement that had been in negotiation since before December 4, 2007.
- 10. Thereafter, Respondent acted as an agent for, or otherwise represented, Garden City. He made formal and informal appearances before, as well as written and oral communications to, the Bureau and its employees for the purpose of influencing administrative action. For example, in January 2008, Respondent complained to the Acting Bureau Chief that Bureau investigators were recommencing investigatory activities regarding, and conducted an unannounced visit of, Garden City.
- 11. After his retirement, Respondent acted as an agent for, or otherwise represented, other persons and entities regulated by the Bureau or under its jurisdiction. In many instances, he made formal and informal appearances before, as well as written and oral communications to, the Bureau, the Commission, and their employees for the purpose of influencing administrative action. Respondent offered his services as a designated agent, or consultant, to persons and entities in the gambling business. Not surprisingly, Respondent's past employment as the Division's Director, and in the California Department of Justice, is prominent in promoting his business.

12. During its investigation into Respondent's suitability for a state gambling license, the Bureau learned that between 2012 and 2013, Respondent solicited and received confidential information from the Bureau's Special Agent-in-Charge (SAC). Between December 27, 2012, and December 31, 2013, Respondent and the SAC contacted each other by telephone no less than 180 times. They also communicated by text and email. The confidential information requested or provided included, among other things:

- a) Respondent requested that the SAC determine whether a certain person had a
 criminal history. The SAC instructed Bureau employees to gather the information.
 The SAC then reported back to Respondent. That was a misdemeanor.
- b) Respondent received copies of privileged, confidential communications between the Bureau and its attorneys with respect to entities for whom he served as designated agent. Sharing confidential information was a misdemeanor.
- c) Respondent received confidential information gathered and documents prepared during the course of the Bureau's investigation with respect to persons and entities for which he served as designated agent and for Garden City. Sharing such confidential information was a misdemeanor.
- d) Respondent's receipt of such information and documents potentially compromised the effectiveness, and undermined the integrity, of the Bureau's investigations.
- 13. In connection with licensing for, and investigations of, himself and others,
 Respondent submitted, or advised others to submit, inaccurate and misleading information to
 the Bureau and/or the Commission. This included, among other things:
 - a) In June 2011, Respondent advised the prospective food and beverage director for Garden City to submit a key employee application to the Commission. In that application, the applicant designated Respondent as his agent. Respondent signed the application. The applicant misrepresented to the Commission that his job title

As part of its investigation into Respondent's suitability for a state gambling license, the Bureau requested that he provide all phone records, emails, or other written communications with the SAC from March 2012 to May 31, 2014. Respondent, however, did not provide any phone records for communications before December 27, 2012.

was "casino shift manager" and that his duties were: "assist in oversight of casino operation; monitor activities for compliance; other related duties." Respondent knew that the applicant intended to perform only food and beverage duties.

- On July 1, 2011, after the Commission issued an interim key employee license to the applicant, Respondent requested that the San Jose Police Department "change the acknowledgement for a city key employee license Casino Shift Manager, to Director of Food and Bev" at Garden City. Respondent, however, did not notify the Bureau or the Commission of this change. Instead, with Respondent as his designated agent, the applicant continued to represent that he was a casino shift manager.
- 2) On February 23, 2012, in an open meeting attended by the applicant and Respondent, the applicant represented to the Commission that he was a casino shift manager for Garden City, and not performing as food and beverage manager.
- b) Beginning in approximately July 2012, in connection with state gambling license applications from LAX, LLC and its owner, as well as Garden City's license renewal application, and as part of the Bureau's investigation, Respondent provided the Bureau with inaccurate, incomplete, or misleading information as to, among other things, the owner's marital status, the ownership of related and affiliated entities including Garden City, payments and transactions between related and affiliated entities, the valuation of certain games and licenses, transactions with lenders, and contracts that Garden City had.
- c) During the Bureau's investigation into Respondent's suitability for a state gambling license, Respondent provided inaccurate, incomplete, or misleading information. He also failed to provide all information and documents that the Bureau requested. During an interview by Bureau agents, Respondent failed to disclose any information regarding the receipt of confidential information and documents from the SAC.

- 14. Between May 1, 2010, and July 6, 2014, Team View Player Services, LLC (Team View) provided third-party proposition player services to Garden City. During that time, Respondent was a key employee of Garden City. Respondent received monthly payments from Team View. The Bureau first learned of these payments in connection with its investigation into Team View during 2013.
- 15. Since August 3, 2012, PT Gaming LLC (PT Gaming) has had a contract to provide third-party proposition player services to Lucky Derby, which is now The Saloon at Stones Gambling Hall. On May 23, 2013, Respondent became licensed as an owner of the Lucky Derby. Between May 23, 2013, and May 31, 2014, Respondent, through Lytle Consulting Services, Inc., received payments from PT Gaming.

JURISDICTION

- 16. Business and Professions Code, section 19811 provides, in part:
 - (b) 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.
- 17. 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.

18. Business and Professions Code, section 19824 provides, in part: 1 2 The commission shall have all powers necessary and proper to enable it fully and effectually to carry out the policies and purposes of this 3 chapter, including, without limitation, the power to do all of the following: (b) For any cause deemed reasonable . . . limit, condition, 5 or restrict any license, permit, or approval, or impose any fine 6 upon any person licensed or approved. . . . 7 8 (d) Take actions deemed to be reasonable to ensure that no ineligible, unqualified, disqualified, or unsuitable persons are 9 associated with controlled gambling activities. 10 11 19. Business and Professions Code, section 19826 provides, in part: 12 The department [2] . . . shall have all of the following responsibilities: 13 14 (c) To investigate suspected violations of this chapter or 15 laws of this state relating to gambling 16 17 (e) To initiate, where appropriate, disciplinary actions as provided in this chapter. In connection with any disciplinary 18 action, the department may seek restriction, limitation, 19 suspension, or revocation of any license or approval, or the imposition of any fine upon any person licensed or approved. 20 21 20. California Code of Regulations, title 4, section 12554 provides, in part: 22 (a) Upon the filing with the Commission of an accusation by the Bureau recommending revocation, suspension, or other discipline of a 23 holder of a license, registration, permit, finding of suitability, or approval, 24 ² "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd. 25 (h).) Business and Professions Code section 19810 provides, in part, that "any power or authority of the department described in this chapter may be exercised by the Attorney General 26 or any other person as the Attorney General may delegate." Effective January 1, 2008, amendments to the Act replaced all references to the Division with references to the 27 Department. Following those amendments, the Bureau assumed the Division's powers to perform the Department's responsibilities and duties under the Act. 28

1	the Commission shall proceed under Chapter 5 (commencing with section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.
2	
3	* * *
4	(d) Upon a finding of a violation of the Act, any regulations adopted pursuant thereto, any law related to gambling or gambling establishments,
5	violation of a previously imposed disciplinary or license condition, or laws whose violation is materially related to suitability for a license,
6	registration, permit, or approval, the Commission may do any one or more of the following:
7 8	(1) Revoke the license, registration, permit, finding of suitability, or approval;
9	(2) Suspend the license, registration, or permit;
10	***
11	(5) Impose any fine or monetary penalty consistent with
12	Business and Professions Code sections 19930, subdivision (c), and 19943, subdivision (b)
13	wiid 155.15, 540-517 (c)
14	COST RECOVERY
15	21. Business and Professions Code, section 19930 provides, in part:
16	(b) If, after any investigation, the department is satisfied that a license, permit, finding of suitability, or approval should be suspended or
17 18	revoked, it shall file an accusation with the commission in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.
19	Title 2 of the Government Code.
20	***
21	(d) In any case in which the administrative law judge recommends that the commission revoke, suspend, or deny a license, the administrative
22	law judge may, upon presentation of suitable proof, order the licensee or applicant for a license to pay the department the reasonable costs of the
23	investigation and prosecution of the case.
24	(1) The costs assessed pursuant to this subdivision shall be
25	fixed by the administrative law judge and may not be increased by the commission. When the commission does not adopt a
26	proposed decision and remands the case to the administrative
27	law judge, the administrative law judge may not increase the amount of any costs assessed in the proposed decision.
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Accusation

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1	(2) The department may enforce the order for payment in the superior court in the county in which the administrative
2	hearing was held. The right of enforcement shall be in addition
3	to any other rights that the division may have as to any licensee to pay costs.
5	(3) In any judicial action for the recovery of costs, proof of
6	the commission's decision shall be conclusive proof of the validity of the order of payment and the terms for payment.
7	* * *
8	(f) For purposes of this section, "costs" include costs incurred for any of the following:
9	(1) The investigation of the case by the department.
11	(2) The preparation and prosecution of the case by the Office of the Attorney General.
12	하는 이번 그리지 않는데 그리고 있는데 가는 사람이 가는 사람들이 없다.
13	GAMBLING LICENSING AND PENALTY PROVISIONS
14	22. Business and Professions Code section 19850 provides, in part:
15	Every person who receives, directly or indirectly, any compensation or reward, or any percentage or share of the money or
16	property played, for keeping, running, or carrying on any controlled game in this state, shall apply for and obtain from the commission, and
17 18	shall thereafter maintain, a valid state gambling license, key employee license, or work permit In any criminal prosecution for violation of
19	this section, the punishment shall be as provided in Section 337j of the Penal Code.
20	23. Business and Professions Code section 19854, subdivision (b), provides:
21	No person may be issued a key employee license unless the person
22	would qualify for a state gambling license.
23	24. Business and Professions Code section 19855 provides, in part:
24	[E]very person who, by statute or regulation, is required to hold a state license shall obtain the license prior to engaging in the activity or
25	occupying the position with respect to which the license is required.
26	25. Business and Professions Code section 19856 provides, in part:
27	(a) The burden of proving his or her qualifications to receive

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- (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.
- 26. Business and Professions Code, section 19857 provides:

No gambling license shall be issued unless, based on all 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.
- 27. 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 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.
- 28. 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.

29. Business and Professions Code section 19984, subdivision (a) provides:

Notwithstanding any other provision of law, a licensed gambling enterprise may contract with a third party for the purpose of providing proposition player services at a gambling establishment, subject to the following conditions:

	1	
1	gambling enterprise and a third-party provider of pr	
2 3	and in no event shall a gambling enterprise or the h	ouse have any
4	interest, whether direct or indirect, in funds wagere	d, lost, or won.
5	5 30. Business and Professions Code section 19942, subdivisi	ion (b) provides:
6 7	chapter for which a penalty is not expressly provided, is	
8	8 <u>INFORMATION PROTECTION PROV</u>	<u>ISIONS</u>
9	9 31. Business and Professions Code section 19821 provides,	in part:
87	10 (c) Except as provided in this chapter, the red department and the commission are exempt from disclo Chapter 3.5 (commencing with Section 6250) of Division	sure under
12	of the Government Code [the Public Records Act].	
	(d) Except as necessary for the administration of to no official, employee, or agent of the commission or the having obtained access to confidential records or information performance of duties pursuant to this chapter, shall known that the confidence of duties pursuant to this chapter, shall known the confidence of duties pursuant to this chapter, shall known the confidence of duties pursuant to this chapter.	e department, nation in the
15	performance of duties pursuant to this chapter, shall known or furnish the records or information, or any part thereowho is not authorized by law to receive it. A violation subdivision is a misdemeanor.	f, to any person
17	17 REVOLVING DOOR AND CONFLICT OF INTER	EST PROVISIONS
18	18 32. Business and Professions Code section 19981, subdivis	ion (a) presently provides, in
19		
20	[T]he chief, and any employee of the departme regulation, shall not, for a period of three years after lea	aving office or
21	21 terminating employment, for compensation, act as agent otherwise represent, any other person by making any for	
22	appearance, or by making any oral or written communicommission or the department, or any officer or employed	사람 경영에 가장 맛있다면 하다 하다. 아웃지 않아 있다면 맛있다면 하다는 그 그 그 그 그 그 그 그 그 그 그 그 그 그 그 그 그 그 그
	appearance or communication is for the purpose of infladministrative action, or influencing any action or proc	uencing
2425	the issuance, amendment, awarding, or revocation of a	
26		e section 19981, subdivision
	27 (a) provided in part	

[T]he director, and any employee of the . . . division designated by regulation, shall not, for a period of three years after leaving office or terminating employment, for compensation, act as agent . . . for, or otherwise represent, any other person by making any formal or informal appearance, or by making any oral or written communication, before the commission or the department, or any officer or employee thereof, if the appearance or communication is for the purpose of influencing administrative action, or influencing any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, or approval.

34. Government Code section 87100 provides:

No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a government decision in which he knows or has reason to know he has a financial interest.

35. Government Code section 87406, subdivision (d)(1) provides, in part:

No designated employee of a state administrative agency, any officer, employee, or consultant of a state administrative agency who holds a position which entails the making, or participation in making, of decisions which may foreseeably have a material effect on any financial interest, . . . for a period of one year after leaving office or employment, shall, for compensation, act as agent . . . for, or otherwise represent, any other person by making any formal or informal appearance, or by making any oral or written communication, before any state administrative agency, or officer or employee thereof, for which he or she worked or represented in the 12 months before leaving office or employment, if the appearance or communication is made for the purpose of influencing administrative or legislative action, or influencing any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, grant, or contract

36. Government Code section 87407 provides:

No public official shall make, participate in making, or use his or her official position to influence, any governmental decision relating to any person with whom he or she is negotiating, or has any arrangement concerning, prospective employment.

37. Government Code section 91000, subdivision (a) provides:

Any person who knowingly or willfully violates any provision of this title is guilty of a misdemeanor.

FIRST CAUSE FOR DISCIPLINE

(Unqualified for Continued Licensure)

38. Respondent's licenses are subject to discipline, pursuant to Business and Professions Code sections 19823 and 19857, subdivisions (a) and (b). Respondent's continued licensure is inimical to public health, safety, and welfare. Respondent is not a person of good character, honesty, and integrity. His prior activities pose a threat to the effective regulation and control of controlled gambling, and create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in carrying on the business and financial arrangements incidental to the conduct of controlled gambling. Respondent's conduct in his affairs demonstrates that he is unqualified for licensure. That conduct includes the acts and omissions alleged above.

SECOND CAUSE FOR DISCIPLINE

(Providing Untrue or Misleading Information to the Bureau)

39. Respondent's license is subject to discipline, pursuant to Business and Professions Code sections 19823, 19857, subdivisions (a) and (b), and 19859, subdivisions (a) and (b). Respondent's continued licensure is inimical to public health, safety, and welfare. Respondent is not a person of good character, honesty, and integrity. His prior activities pose a threat to the effective regulation and control of controlled gambling, and create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in carrying on the business and financial arrangements incidental to the conduct of controlled gambling. Respondent supplied untrue or misleading information as to material facts pertaining to his qualification criteria. Additionally, he assisted others in supplying untrue or misleading information as to material facts pertaining to the qualification criteria of others.

THIRD CAUSE FOR DISCIPLINE

(Failure To Provide Information and Documentation Requested by the Chief)

40. Respondent's license is subject to discipline, pursuant to Business and Professions
Code sections 19823, 19857, subdivisions (a) and (b), and 19859, subdivisions (a) and (b).
Respondent's continued licensure is inimical to public health, safety, and welfare. Respondent is not a person of good character, honesty, and integrity. His prior activities pose a threat to the

effective regulation and control of controlled gambling, and create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in carrying on the business and financial arrangements incidental to the conduct of controlled gambling. Respondent failed to provide information and documents requested by the Bureau acting on the Complainant's behalf. Additionally, Respondent assisted others in failing to provide information and documents requested by the Bureau acting on the Complainant's behalf.

FOURTH CAUSE FOR DISCIPLINE

(Prohibited Interests in the Funds Wagered, Lost, or Won by a Third-Party Provider)

41. Respondent's licenses are subject to discipline, pursuant to Business and Professions Code sections 19823, 19857, subdivisions (a) and (b), and 19859, subdivisions (a) and (b). Respondent's continued licensure is inimical to public health, safety, and welfare. Respondent is not a person of good character, honesty, and integrity. His prior activities pose a threat to the effective regulation and control of controlled gambling, and create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in carrying on the business and financial arrangements incidental to the conduct of controlled gambling. Through wholly owned entities, Respondent had an indirect interest in funds wagered, lost, or won by Team View. Respondent also had an indirect interest in funds wagered, lost, or won by PT Gaming. Business and Professions Code section 19984, subdivision (a) prohibits the receipt of such payments.

PRAYER

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

- Revoking California State Gambling Establishment Key Employee License Number GEKE-001373, temporary state gambling license (GEOW-003415), and temporary state gambling license (GEOW-3416) issued to Robert E. Lytle;
 - 2. Fining Robert E. Lytle in an amount according to proof;

Accusation