

RECEIVED BY
CGCC LEGAL DIVISION

2015 AUG 12 PM 1: 49

1 KAMALA D. HARRIS
Attorney General of California
2 SARA J. DRAKE
Senior Assistant Attorney General
3 NEIL D. HOUSTON
Deputy Attorney General
4 State Bar No. 168058
1300 I Street, Suite 125
5 P.O. Box 944255
Sacramento, CA 94244-2550
6 Telephone: (916) 322-5476
Fax: (916) 327-2319
7 E-mail: Neil.Houston@doj.ca.gov
Attorneys for Bureau of Gambling Control

8
9 **BEFORE THE**
10 **CALIFORNIA GAMBLING CONTROL COMMISSION**
11 **STATE OF CALIFORNIA**
12

13
14 In the Matter of the Accusation Against:

15 LUCKY CHANCES, INC., a California
Corporation dba LUCKY CHANCES
16 CASINO

17 LICENSE NUMBER GEOW-002757

18 ROMMEL MEDINA, Chief Executive Officer
and Shareholder

20 LICENSE NUMBER GEOW-001327

21 RUELL MEDINA, Chief Financial Officer and
Shareholder

23 LICENSE NUMBER GEOW-001326

24 1700 Hillside Boulevard
25 Colma, California 94014

26 Respondents.
27
28

BGC Case No. HQ2015-00002AC

OAH No.: _____

ACCUSATION

1 Complainant alleges as follows:

2 **PARTIES**

3 1. Wayne J. Quint, Jr. (Complainant) brings this Accusation solely in his official
4 capacity as the Chief of the California Department of Justice, Bureau of Gambling Control
5 (Bureau).

6 2. On October 1, 2013, the California Gambling Control Commission (Commission)
7 issued an Owner's Gambling License, license number GEOW-002757, to Lucky Chances, Inc.,
8 dba Lucky Chances Casino, gambling establishment license number GEGE-001108. Also on
9 October 1, 2013, the Commission issued Owner's Gambling Licenses to Rommel Medina, Chief
10 Executive Officer and Shareholder, license number GEOW-001327, and to Ruell Medina, Chief
11 Operating Officer and Shareholder, license number GEOW-001326. These parties are
12 collectively referred to herein as "Lucky Chances." The licenses identified in this paragraph will
13 expire on September 30, 2015, unless renewed.

14 **FIRST CAUSE OF ACTION FOR DISCIPLINE**

15 **(Violation of License Condition Five)**

16 3. When the Commission issued the licenses described in paragraph 2, above, the
17 licenses were issued upon five conditions intended to disassociate Rene Medina from the Lucky
18 Chances Casino. Condition number five requires "any communication between Rene Medina and
19 any shareholder or employee of Lucky Chances concerning the operation of the Lucky Chances
20 card room business" to be disclosed to the Executive Director (of the Commission) and the
21 Bureau Chief (Complainant) within one business day of any such communication, and this
22 applies to both oral and written communications. Such disclosures are to be made in writing, and
23 the General Manager (of Lucky Chances) is required to maintain records documenting each
24 disclosure for four years following the disclosure. On multiple occasions in 2013 and 2014,
25 Lucky Chances provided construction, landscaping, housekeeping, and other valuable services
26 incident to the construction of Rene and his wife, Mila, Medina's home, which is variously
27 referred to as located at 50 Valley Road, Atherton, California, or 50 Valley Court, Woodside,
28 California, both of which identify the same location. The wages, salaries, and other costs

1 incurred by Lucky Chances in connection with this work were paid from the operating funds of
2 Lucky Chances, Inc., which, in turn, derived from the proceeds of controlled gambling activities.
3 In order to schedule and coordinate the diversion of Lucky Chances' employees from their
4 ordinary duties at the Lucky Chances Casino to work on his home in Woodside, California, Rene
5 Medina communicated on numerous occasions with the employees and/or their supervisors.
6 None of these communications between Rene Medina and Lucky Chances' employees were
7 disclosed to the Executive Director or the Bureau Chief, and each such undisclosed
8 communication constituted a violation of condition five of Lucky Chances' license.

9 (Bus. & Prof. Code, §§ 19857, subs. (a) & (b); 19920, 19922; Cal. Code Regs., tit. 4, §§
10 12566, subd. (c)(1), 12568, subd. (a)(1).)

11 **SECOND CAUSE OF ACTION FOR DISCIPLINE**

12 **(Violation of License Condition Three)**

13 4. When the Commission issued the licenses described in paragraph 2, above, the
14 licenses were issued upon five conditions intended to disassociate Rene Medina from the Lucky
15 Chances Casino. Condition number three provides that Ruell Medina and Rommel Medina, as
16 licensed shareholders in Lucky Chances, Inc., are individually responsible for ensuring that all
17 conditions placed on the Lucky Chances license are fully complied with, including but not limited
18 to the duties placed upon the General Manager. Neither Ruell Medina, nor Rommel Medina took
19 any actions to ensure compliance with condition five of the Lucky Chances license, and thus
20 violated condition three of the Lucky Chances license.

21 (Bus. & Prof. Code, §§ 19857, subs. (a) & (b); 19920, 19922; Cal. Code Regs., tit. 4, §
22 12566, subd. (c)(1), 12568, subd. (a)(1).)

23 **JURISDICTION**

24 5. Business and Professions Code, section 19823 provides:

25 (a) The responsibilities of the commission include, without limitation,
26 all of the following:

27 (1) Assuring that licenses, approvals, and permits are not issued
28 to, or held by, unqualified or disqualified persons, or by persons whose

1 operations are conducted in a manner that is inimical to the public
2 health, safety, or welfare.

3 (2) Assuring that there is no material involvement, directly or
4 indirectly, with a licensed gambling operation, or the ownership or
5 management thereof, by unqualified or disqualified persons, or by
6 persons whose operations are conducted in a manner that is inimical to
7 the public health, safety, or welfare.

8 (b) For the purposes of this section, "unqualified person" means a
9 person who is found to be unqualified pursuant to the criteria set forth in
10 Section 19857, and "disqualified person" means a person who is found to
11 be disqualified pursuant to the criteria set forth in Section 19859.

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

13 The commission shall have all powers necessary and proper to enable it
14 fully and effectually to carry out the policies and purposes of this chapter,
15 including, without limitation, the power to do all of the following:

16 * * *

17 (b) For any cause deemed reasonable by the commission . . .
18 Limit, condition, or restrict any license, permit, or approval, or impose
19 any fine upon any person licensed or approved. The commission may
20 condition, restrict, discipline, or take action against the license of an
21 individual owner endorsed on the license certificate of the gambling
22 enterprise whether or not the commission takes action against the
23 license of the gambling enterprise.

24 * * *

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

28 7. Business and Professions Code, section 19826 provides, in part:

The department^[1] . . . shall have all of the following responsibilities:

* * *

(c) To investigate suspected violations of this chapter or laws of
this state relating to gambling

* * *

¹ "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd.
(h).)

(e) To initiate, where appropriate, disciplinary actions as provided in this chapter. In connection with any disciplinary action, the department may seek restriction, limitation, suspension, or revocation of any license or approval, or the imposition of any fine upon any person licensed or approved.

8. California Code of Regulations, title 4, section 12554, subdivisions (a) and (d) provide, in part:

(a) Upon the filing with the Commission of an accusation by the Bureau recommending revocation, suspension, or other discipline of a holder of a license, registration, permit, finding of suitability, or approval, the Commission shall proceed under Chapter 5 (commencing with section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

* * *

(d) Upon a finding of a violation of the Act,^[2] any regulations adopted pursuant thereto, any law related to gambling or gambling establishments, violation of a previously imposed disciplinary or license condition, or laws whose violation is materially related to suitability for license, registration, permit, or approval, the Commission may do any one or more of the following:

(1) Revoke the license, registration, or permit.

* * *

(5) Impose any fine or monetary penalty consistent with Business and Professions Code sections 19930, subdivision (c), and 19943, subdivision (b).

SPECIFIC STATUTORY PROVISIONS

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

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 created or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the

² "Act" refers to the Gambling Control Act. (Cal. Code Regs., tit. 4, § 12002, subd. (m).)

1 conduct of controlled gambling, or in the carrying on of the
2 business and financial arrangements incidental thereto.

- 3 10. Business and Professions Code, section 19920 provides:

4 It is the policy of the State of California to require that all
5 establishments wherein controlled gambling is conducted in this state be
6 operated in a manner suitable to protect the public health, safety, and
7 general welfare of the residents of this state. The responsibility for the
8 employment and maintenance of suitable methods of operation rests with
9 the owner licensee, and willful or persistent use or toleration of methods
 of operation deemed unsuitable by the commission or by local
 government shall constitute grounds for license revocation or other
 disciplinary action.

- 10 11. Business and Professions Code, section 19922 provides:

11 No owner licensee shall operate a gambling enterprise in violation of
12 any provision of this chapter or any regulation adopted pursuant to this
13 chapter.

- 14 12. California Code of Regulations, title 4, section 12566 provides, in part:

15 (c) A state gambling license for a gambling establishment
16 granted by the Commission shall be subject to a minimum discipline of
17 suspension for five days of normal business operation and a maximum
18 discipline of revocation, which may be stayed on terms and conditions
 and any monetary penalty as described in Section 12554(d)(7) of this
 chapter, if the Commission finds that the establishment has:

19 (1) Violated or is out of compliance with conditions,
20 limitations, or orders or directives imposed by the Commission,
21 either as part of an initial grant of license or registration, renewal
 of such, or pursuant to disciplinary action.

- 22 13. California Code of Regulations, title 4, section 12568 provides, in part:

23 (a) A licensee for an individual or any finding of suitability or
24 approval granted by the Commission, other than a work permit, and an owner
25 license for a gambling establishment if the owner licensee has committed a
26 separate violation from any violations committed by the gambling
27 establishment shall be subject to a minimum discipline of suspension for one
28 day of normal business operation and a maximum discipline of revocation,
 which may be stayed on terms and conditions and any monetary penalty as

described in Section 12554(d)(7) of this chapter, if the Commission finds that the holder has:

- (1) Violated or is out of compliance with conditions, limitations, or orders or directives imposed by the Commission, either as part of an initial grant of license or registration, renewal of such, or pursuant to disciplinary action.

COST RECOVERY

14. Business and Professions Code, section 19930 provides, in part:

(b) If, after any investigation, the department is satisfied that a license, permit, finding of suitability, or approval should be suspended or 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.

* * *

(d) In any case in which the administrative law judge recommends that the commission revoke, suspend, or deny a license, the administrative 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 investigation and prosecution of the case.

(1) The costs assessed pursuant to this subdivision shall be fixed by the administrative law judge and may not be increased by the commission. When the commission does not adopt a proposed decision and remands the case to the administrative law judge, the administrative law judge may not increase the amount of any costs assessed in the proposed decision.

(2) The department may enforce the order for payment in the superior court in the county in which the administrative hearing was held. The right of enforcement shall be in addition to any other rights that the division may have as to any licensee to pay costs.

(3) In any judicial action for the recovery of costs, proof of the commission's decision shall be conclusive proof of the validity of the order of payment and the terms for payment.

* * *

(f) For purposes of this section, "costs" include costs incurred for any of the following:

- (1) The investigation of the case by the department.

1 (2) The preparation and prosecution of the case by the Office of the
2 Attorney General.

3 PRAYER

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

6 1. Revoking license number GEOW-0002757, issued to Lucky Chances, Inc., dba
7 Lucky Chances Casino;

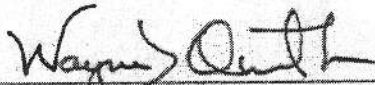
8 2. Revoking license number GEOW-001327, issued to Rommel Medina;

9 3. Revoking license number GEOW-001326, issued to Ruell Medina;

10 4. Awarding, from Respondents jointly and severally, Complainant the costs of
11 investigation and the costs of bringing this Accusation before the Commission, pursuant to
12 Business and Professions Code section 19930, subdivisions (d) and (f), in a sum according to
13 proof; and

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

15
16 Dated: August 12TH, 2015

17 
18 WAYNE J. QUINT, JR., Chief
19 Bureau of Gambling Control
20 California Department of Justice
21
22
23
24
25
26
27
28