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

12
13 **In the Matter of the Accusation Against:**

14 **THE BICYCLE CASINO, L.P. (GEOW-**
15 **002429), doing business as THE BICYCLE**
16 **HOTEL & CASINO (GEGE-001028);**

17 **LEO CHU (GEOW-003389); and**

18 **THOUSAND PALMS ENTERPRISES,**
19 **INC. (GEOW-003574).**

20 **888 Bicycle Casino Drive**
21 **Bell Gardens, CA 90201**

22 **Respondents.**

BGC Case No.: BGC-HQ2021-00034SL

OAH Case No.:

ACCUSATION

23
24 Complainant alleges as follows:

25 **PARTIES**

26 1. Nathan DaValle (Complainant) brings this accusation solely in his official capacity
27 as acting Director of the Department of Justice, Bureau of Gambling Control (Bureau).
28

1 2. Respondent The Bicycle Casino, L.P. (Limited Partnership), license number
2 GEOW-002429, is a limited partnership, doing business as The Bicycle Hotel & Casino (Casino).
3 Respondents Leo Chu, license number GEOW-003389, and Thousand Palms Enterprises, Inc.,
4 license number GEOW-003574, (collectively, General Partners) are the Limited Partnership’s
5 general partners. Collectively, the Limited Partnership and the General Partners are referred to as
6 “Respondents” in this accusation. Each Respondent is endorsed on the Casino’s license pursuant
7 to Business and Professions Code section 19851, subdivision (b).¹

8 **SUMMARY OF THE CASE**

9 3. California’s public policy, as expressly provided in the Gambling Control Act
10 (Act) (Bus. & Prof. Code, § 19800 et seq.), is to require all card rooms be operated in a manner
11 suitable to protect the public health, safety, and general welfare of the state’s residents. (Bus. &
12 Prof. Code, § 19920.) Accordingly, the Act is to be liberally construed to effectuate those
13 purposes. (Bus. & Prof. Code, § 19971.) This proceeding arises out of Respondents’
14 longstanding, admitted willful blindness to their obligations to protect the public health, safety,
15 and general welfare of California residents. Respondents persistently used, or tolerated,
16 unsuitable methods of operation by failing to timely and fully comply with incident reporting
17 requirements, failing to implement an adequate anti-money laundering program, and providing
18 false cash transaction reports under the Bank Secrecy Act (BSA).² This enhanced the danger of
19 unsuitable, unfair, or illegal practices in connection with controlled gambling. Respondents’ acts
20 and omissions make their licenses subject to discipline, including, among other things, the
21 maximum monetary penalties or fines allowed by statute or regulation and, if the California
22 Gambling Control Commission (Commission) deems appropriate, revocation.

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26 ¹ The statutes and regulations applicable to this accusation are quoted in pertinent part in Appendix A.

27 ² The BSA is codified at title 12 United States Code sections 1829b and 1951 through
28 1959 and at title 31 United States Code sections 5311 through 5314 and 5316 through 5332.
Regulations implementing the BSA appear at title 31 Code of Federal Regulations chapter X.

1 **JURISDICTION AND COST RECOVERY**

2 4. The Commission has jurisdiction over the operation and concentration of gambling
3 establishments and all persons and things having to do with the operation of gambling
4 establishments. (Bus. & Prof. Code, § 19811, subd. (b).) The Act tasks the Bureau with, among
5 other responsibilities, investigating suspected violations of the Act and initiating disciplinary
6 actions. (Bus. & Prof. Code, §§ 19826, subds. (c) & (e) & 19930, subd. (b).) Upon the Bureau
7 filing an accusation, the Commission proceeds under Government Code section 11500 et seq.
8 (Bus. & Prof Code, § 19930, subd. (b); see Cal. Code Regs., tit. 4, § 12554, subd. (a).) The
9 Commission’s disciplinary powers include, among other things, revocation and imposition of a
10 fine or monetary penalty. (Cal. Code Regs., tit. 4, § 12554, subd. (d).)

11 5. In a matter involving revocation or denial of a license by an administrative law
12 judge, the Bureau may recover its costs of investigation and prosecuting the proceeding. (Bus. &
13 Prof. Code, § 19930, subd. (d).)

14 **STANDARD OF PROOF**

15 6. In a proceeding under the Act, the standard of proof is the preponderance of the
16 evidence, which “is such evidence as when considered and compared with that opposed to it, has
17 more convincing force, and produces a belief in the mind of the fact-finder that what is sought to
18 be proved is more likely true than not true.” (Cal. Code Regs., tit. 4, § 12554, subd. (c).)

19 **THE CASINO’S HISTORY**

20 7. The Casino currently is a 125-table card room located in Bell Gardens, California.
21 Before the COVID pandemic, the Commission licensed the Casino for 185 tables. The Casino is
22 the second largest card room in the state in number of tables and is either the second or third
23 largest in gross gambling revenues. The Casino is Bell Gardens’ largest single source of revenue,
24 representing over 40 percent of the city’s General Fund operating revenue.

25 8. The Casino first opened in November 1984. In 1987, the United States alleged in
26 a criminal action that the Casino was funded with monies derived from violations of the
27 Racketeer Influenced and Corrupt Organizations Act and was used to launder money. On April
28 1990, the United States seized the Casino and took over its operation.

1 9. In 1996, the United States sold its ownership interest in the Casino. The Limited
2 Partnership has owned and operated the Casino after the sale.

3 **THE CASINO'S ADMISSIONS**

4 10. In April 2017, based in part on information gathered by the Bureau, the United
5 States executed a search warrant on the Casino. From then until October 27, 2021, the United
6 States investigated the Casino. The Bureau assisted the United States, deferring any
7 administrative proceeding until the United States completed its criminal processes.

8 11. On October 27, 2021, the Limited Partnership entered into a non-prosecution
9 agreement with the United States Attorney's Office for the Central District of California. As part
10 of that agreement, the Limited Partnership made the following admissions, among others:

- 11 a. The Casino is required to report transactions involving more than \$10,000 in
12 currency by a Currency Transaction Report (CTR). Each CTR is to record
13 accurately the identity of the person or entity on whose behalf the currency
14 transaction was conducted.
- 15 b. The Casino is required to report by a Suspicious Activity Report (SAR)
16 transactions involving at least \$5,000 in funds that the Casino knew, suspected, or
17 had reason to suspect the transaction, among other things, involved illegal activity
18 or was designed to evade regulations promulgated under the BSA.
- 19 c. The Casino is required to develop, implement, and maintain an effective anti-
20 money laundering program.
- 21 d. The role of the house in the Casino's so-called "California Asian games" is filled
22 by a licensed third-party entity against which other players wager.
- 23 e. Person A, a Chinese national, was a "high roller" who regularly patronized the
24 Casino in 2016. He was accompanied frequently by an associate, Person B.
25 Person A requested, and generally was afforded, the opportunity to play in a "VIP"
26 room. Person A was a frequent patron of the Casino, visiting approximately 100
27 times between January 2016 and August 2016.

- 1 f. Person A conducted large cash transactions during his visits to the Casino,
2 including transporting cash into and out of the Casino using duffle bags. On
3 occasion, he exchanged more than \$1 million in cash for chips.
- 4 g. When conducting cash transactions, Person B cashed in or cashed out on Person
5 A's behalf. Even though Casino employees knew or should have known these
6 transactions were conducted on Person A's behalf, all CTRs filed by the Casino
7 for Person A's transactions from January 7, 2016, through July 27, 2016, were in
8 Person B's name without reference to Person A. These transactions totaled over
9 \$100 million. During that same time, the Casino filed no SARs for Person A.
- 10 h. On January 22, 2016, the United States publicly announced the Normandie Casino
11 agreed to plead guilty to criminal violations of the BSA. The Casino took action
12 to alert its employees and undertook to reevaluate its policies and procedures to
13 avoid submitting CTRs for persons other than the gamblers responsible for the
14 transactions. In March 2016, the Casino updated its anti-money laundering
15 training to discuss proper reporting of transactions involving more than one
16 person.
- 17 i. On July 15, 2016, the Financial Crimes Enforcement Network (FinCEN)
18 announced a settlement with Hawaiian Gardens Casino. On July 26, 2016, the
19 Casino's management discussed the Hawaiian Gardens settlement. The Limited
20 Partnership represented to the United States Attorney's Office for the Central
21 District that before then, senior management had not been aware that Person B was
22 conducting cash transactions on Person A's behalf.
- 23 j. After learning of settlements with other Los Angeles area card rooms, the Limited
24 Partnership determined to take actions to prevent similar enforcement actions.
- 25 12. In making the admissions, the Limited Partnership established that it and the
26 General Partners used, or tolerated, unsuitable methods of operation by failing to implement an
27 adequate anti-money laundering program, providing false CTRs, and failing to file SARs. The
28 Limited Partnership admitted that it and the General Partners did not start to take any appropriate

1 action with respect to anti-money laundering and BSA compliance until the Normandie Casino
2 guilty plea in January 2016.

3 **RESPONDENTS' DISREGARD OF PRIOR PROCEEDINGS**

4 13. In not taking action on anti-money laundering and BSA compliance between
5 January 22, 2016, and July 26, 2016, Respondents allowed the Casino to file more than 140 false
6 CTRs. Moreover, the Normandie Casino guilty plea was not the first BSA or anti-money
7 laundering proceeding involving a California card room. Rather, Respondents overlooked or
8 neglected to consider or were willfully blind to the following events that potentially impacted the
9 Casino's operations and compliance with the BSA and anti-money laundering program
10 requirements:

- 11 a. In March 2011, the Bureau filed an accusation against The Oaks Card Club, a 40-
12 table card room located in Emeryville. An emergency order shutting down the
13 card room accompanied the accusation. As one ground for seeking discipline, the
14 Bureau alleged that the card room failed to comply with the BSA by, among other
15 things, failing to take information from a person associated with a gambler. In
16 May 2011, the Bureau reached a settlement that the Commission approved in
17 which the card room immediately paid \$575,000 in fines and costs. The settlement
18 expressly required special training regarding the BSA.
- 19 b. In March 2011, the Bureau filed an accusation against Artichoke Joe's Casino, a
20 51-table card room located in San Bruno. An emergency order shutting down the
21 card room accompanied the accusation. As one ground for seeking discipline, the
22 Bureau alleged that the card room failed to comply with the BSA by failing to
23 obtain information necessary for a CTR. In May 2011, the Bureau reached a
24 settlement that the Commission approved in which the card room immediately
25 paid \$575,000 in fines and costs. The settlement expressly required special
26 training regarding the BSA.
- 27 c. In October 2013, the Bureau filed an accusation against Normandie Casino, a 60-
28 table card room located in Gardena. The alleged grounds for discipline and license

1 revocation included, among others, transaction structuring in violation of the BSA
2 and failure to file CTRs with respect to a patron, who won in excess of \$2.5
3 million.

4 d. At its November 21, 2013 meeting, the Commission imposed conditions on
5 Normandie Casino's state gambling license requiring a compliance committee
6 that, among other tasks, was to review CTRs and SARs.

7 e. In December 2015, FinCEN announced a settlement with The Oaks Card Club for
8 a \$650,000 fine based on BSA reporting violations through May 2011.

9 f. In December 2015, the United States charged the Palomar Card Club, an 11-table
10 card room in San Diego, with a money laundering conspiracy and the failure to
11 maintain a reasonably designed anti-money laundering program. In connection
12 with its indictment, the United States seized the card room's player-bank accounts.
13 The Bureau issued an emergency order shutting down the card room.

14 g. In December 2015, the United States charged the Seven Mile Casino, a 20-table
15 card room in Chula Vista, and its principal owner with the failure to maintain and
16 implement an adequate anti-money laundering program. The Bureau issued an
17 emergency order shutting down the card room.

18 14. In sum, between March 2011 and January 2016, Respondents apparently did not
19 adjust or react, or elected to turn a blind eye, to events involving California's card rooms relating
20 to BSA compliance and anti-money laundering programs. Those events included emergency
21 orders shutting down card rooms, federal indictments, and a FinCEN assessment.

22 **TOLERATION AND USE OF UNSUITABLE METHODS OF OPERATION**

23 15. Respondents did not implement an effective anti-money laundering program. In
24 the non-prosecution agreement, the Limited Partnership admits that the BSA required CTRs to
25 record accurately the identity of the person or entity on whose behalf the currency transaction was
26 conducted. An effective anti-money laundering program includes, among other things, the use of
27 all available information to identify suspicious transactions. The Casino's program did not result
28 in communications between floor managers, dealers, surveillance personnel, and cage employees,

1 on the one hand, and senior management or BSA compliance personnel, on the other, with respect
2 to the identity of Person A—i.e., the person on whose behalf currency transactions were
3 conducted. Rather, Respondents built and tolerated a work culture in which employees and
4 supervisors failed to notify senior management or BSA compliance personnel of BSA violations
5 and suspicious transactions.

6 **THE CASINO'S DEFICIENT INCIDENT REPORTING**

7 16. The Act requires full and true disclosure. (Bus. & Prof. Code, § 19866.)
8 Regulations adopted by both the Commission and the Bureau require that owner licensees and
9 key employees submit written reports to the Bureau within specified times. (Cal. Code Regs., tit.
10 4, § 12395, subd. (a)(3); Cal. Code Regs., tit. 11, § 2052, subd. (c).) The Casino's incident
11 reporting was deficient and not compliant with the Commission's or the Bureau's regulations in
12 the following ways, among others:

- 13 a. None of the Casino's owner licensees or key employees reported to the Bureau
14 that the Casino failed to report currency transactions in accordance with the Penal
15 Code or failed to fulfill its duty to record patron information with respect to Person
16 A or others.
- 17 b. Incident reports were not timely submitted, and the Casino did not gather all
18 information required for the reports. In one instance, the Casino did not fully
19 investigate or gather information with respect to a complaint alleging money
20 laundering.

21 **CAUSE FOR DISCIPLINE**

22 **(Failure To Protect Public Health, Safety, and Welfare)**

23 17. Respondents' licenses are subject to discipline, including revocation, because they
24 failed to protect the public health, safety, and welfare. Their acts and omissions pose a threat to
25 the public interest of this state and to the effective regulation and control of controlled gambling.
26 Their acts and omissions create or enhance the dangers of unsuitable, unfair, or illegal practices,
27 methods, and activities in the conduct of controlled gambling or in the carrying on of the business
28 and financial arrangements incidental thereto.


1 18. As alleged in paragraphs 10 through 16 above and incorporated herein by
2 reference, Respondents failed to employ and maintain suitable methods of operations.
3 Respondents persistently used or tolerated unsuitable, unlawful methods for the Casino's
4 operations.
5 (Bus. & Prof. Code, §§ 19801, 19823, 19824, subd. (d), 19857, subs. (a) & (b), 19866, 19920,
6 19922, 19924; Cal. Code Regs., tit. 4, §§ 12315, subd. (a), 12386, subd. (a)(2)(G), 12395, subd.
7 (a)(3) & (4); Cal. Code Regs., tit. 11, § 2052, subd. (c).)

8 **PRAYER**

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

- 11 1. Disciplining California State Gambling License Number GEOW-002429, issued to
12 respondent The Bicycle Casino, L.P.;
- 13 2. Disciplining California State Gambling License Number GEOW-003389, issued to
14 respondent Leo Chu;
- 15 3. Disciplining California State Gambling License Number GEOW-003574, issued to
16 respondent Thousand Palms Enterprises, Inc.;
- 17 4. Imposing fines or monetary penalties against Respondents, jointly and severally,
18 according to proof and to the maximum extent allowed by law;
- 19 5. Awarding Complainant the costs of investigation and the costs of bringing this
20 accusation before the Commission, pursuant to Business and Professions Code section 19930,
21 subdivisions (d) and (f), in a sum according to proof; and
- 22 6. Taking such other and further action as the Commission may deem appropriate.

23
24 Dated: November 4, 2021



NATHAN DAVALLE., Acting Director
Bureau of Gambling Control
California Department of Justice

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1 **APPENDIX A – STATUTORY AND REGULATORY PROVISIONS**
2 **Business and Professions Code Provisions**

- 3 1. Business and Professions Code section 19801 provides, in part:

4 (g) Public trust that permissible gambling will not endanger public
5 health, safety, or welfare requires that comprehensive measures be enacted
6 to ensure that gambling is free from criminal and corruptive elements, that
7 is conducted honestly and competitively

8 (h) Public trust and confidence can only be maintained by strict
9 comprehensive regulation of all persons, locations, practices, associations,
10 and activities related to the operation of lawful gambling establishments
11 and the manufacture and distribution of permissible gambling equipment.

12 (i) All gambling operations, all persons having a significant
13 involvement in gambling operations, all establishments where gambling is
14 conducted, and all manufacturers, sellers, and distributors of gambling
15 equipment must be licensed and regulated to protect the public health,
16 safety, and general welfare of the residents of this state as an exercise of the
17 police powers of the state.

18 * * *

19 (k) In order to effectuate state policy as declared herein, it is
20 necessary that gambling establishments, activities, and equipment be
21 licensed, that persons participating in those activities be licensed or
22 registered, that certain transactions, events, and processes involving
23 gambling establishments and owners of gambling establishments be subject
24 to prior approval or permission, that unsuitable persons not be permitted to
25 associate with gambling activities or gambling establishments Any
26 license or permit issued, or other approval granted pursuant to this chapter,
27 is declared to be a revocable privilege, and no holder acquires any vested
28 right therein or thereunder.

- 1 2. Business and Professions Code section 19811 provides, in part:

2 (b) Jurisdiction, including jurisdiction over operation and
3 concentration, and supervision over gambling establishments in this state
4 and over all persons or things having to do with the operations of gambling
5 establishments is vested in the commission.

- 6 3. Business and Professions Code section 19823 provides:

7 (a) The responsibilities of the commission include, without limitation,
8 all of the following:

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(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.

4. 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, including, without limitation, the power to do all of the following:

* * *

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

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

The department³ . . . shall have all of the following responsibilities:

* * *

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

* * *

(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

³ “Department” refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd. (h).) The Bureau is an entity within the Department of Justice.

1 approval, or the imposition of any fine upon any person licensed or
2 approved.

- 3 6. Business and Professions Code section 19856 provides, in part:

4 * * *

5 (b) Other persons who also obtain a state gambling license, as required
6 by this chapter, shall not receive a separate license certificate, but the license
7 of every such person shall be endorsed on the license certificate that is issued
to the owner of the gambling enterprise.

- 8 7. Business and Professions Code section 19857 provides:

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

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

12 (b) A person whose prior activities, criminal record, if any,
13 reputation, habits, and associations do not pose a threat to the public
14 interest of this state, or to the effective regulation and control of controlled
15 gambling, or create or enhance the dangers of unsuitable, unfair, or illegal
16 practices, methods, and activities in the conduct of controlled gambling or
in the carrying on of the business and financial arrangements incidental
thereto.

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

- 19 8. Business and Professions Code section 19866 provides:

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

- 23 9. Business and Professions Code section 19920 provides:

24 It is the policy of the State of California to require that all
25 establishments wherein controlled gambling is conducted in this state be
26 operated in a manner suitable to protect the public health, safety, and
27 general welfare of the residents of the state. The responsibility for the
employment and maintenance of suitable methods of operation rests
with the owner licensee, and willful or persistent use or toleration of
28 methods of operation deemed unsuitable by the commission or by local

1 government shall constitute grounds for license revocation or other
2 disciplinary action.

3 10. Business and Professions Code section 19922 provides:

4 No owner licensee shall operate a gambling enterprise in violation
5 of any provision of this chapter or any regulation adopted pursuant to
6 this chapter.

7 11. Business and Professions Code section 19924 provides:

8 Each owner licensee shall maintain security controls over the
9 gambling premises and all operations therein related to gambling, and
10 those security controls are subject to the approval of the commission.

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

12 (b) If, after any investigation, the department is satisfied that a license,
13 permit, finding of suitability, or approval should be suspended or revoked, it
14 shall file an accusation with the commission in accordance with Chapter 5
15 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the
16 Government Code.

17 * * *

18 (d) In any case in which the administrative law judge recommends that
19 the commission revoke, suspend, or deny a license, the administrative law
20 judge may, upon presentation of suitable proof, order the licensee or applicant
21 for a license to pay the department the reasonable costs of the investigation
22 and prosecution of the case.

23 (1) The costs assessed pursuant to this subdivision shall be fixed by
24 the administrative law judge and may not be increased by the
25 commission. When the commission does not adopt a proposed decision
26 and remands the case to the administrative law judge, the administrative
27 law judge may not increase the amount of any costs assessed in the
28 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.

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

3 * * *

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

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

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

8 13. Business and Professions Code section 19971 provides:

9 This act is an exercise of the police power of the state for the
10 protection of the health, safety, and welfare of the people of the State of
California, and shall be liberally construed to effectuate those purposes.

11
12 **California Code of Regulations, Title 4**

13 14. California Code of Regulations, title 4, section 12315 provides:

14 (a) A gambling enterprise is required to file a report of each
15 transaction involving currency in excess of \$10,000, in accordance with
section 14162(b) of the Penal Code.

16 (b) A gambling enterprise, regardless of gross revenue, shall
17 make and keep on file at the gambling establishment a report of each
18 transaction in currency, in accordance with sections 5313 and 5314 of
Title 31 of the United States Code and with Chapter X of Title 31 of the
19 Code of Federal Regulations, and any successor provisions. These reports
shall be available for inspection at any time as requested by the Bureau.

20 (c) Nothing in this section shall be deemed to waive or to suspend
21 the requirement that a gambling enterprise make and keep a record and file
a report of any transaction otherwise required by the Bureau or the
22 Commission.

23 15. California Code of Regulations, title 4, section 12386, subdivision (a)(2)(G)
24 provides:

25 (a) The policies and procedures for all tiers must meet or exceed the
26 following standards for cages:

27 * * *

1 (2) The cardroom business licensee must assign at least one gambling
2 enterprise employee to process monetary transactions at a cage. . . . The
3 assigned employees' duties may include any or all of the following:

4 (G) Recording patron information that is necessary for compliance
5 with the requirements of sections 5313 and 5314 of Title 31 of the
6 United States Code, applicable regulations in Chapter X . . . of Title
31 of the Code of Federal Regulations and any successor provisions,
and subsection (a) of Section 12315.

7 16. California Code of Regulations, title 4, section 12395, subdivision (a)(3)

8 provides:

9 (a) The policies and procedures for all tiers must meet or exceed the
10 following standards for security:

11 * * *

12 (3) Cardroom business licensees must file an incident report with the
13 Bureau's Criminal Intelligence Unit within five business days of either of
the following:

14 (A) Any cardroom owner type licensee or key employee licensee
15 contacting a local law enforcement agency, pursuant to the provisions
16 of the licensee's security plan, regarding any reasonably suspected
17 violation of the Act, this division, Division 3 of Title 11 of the
18 California Code of Regulations, any statute set forth in sections 330
19 through 337z of the Penal Code that pertains to gambling, section
20 1916-3(b) of the Civil Code (loan-sharking), chapter 1 (commencing
21 with section 11000) of division 10 of the Health and Safety Code
22 (illegal possession or distribution of controlled substances), section
23 4022 of the Business & Professions Code (illegal possession or
24 distribution of dangerous drugs), or any violation of the following
25 Penal Code sections: 186.10 (money laundering), 211 (robbery), 245
26 (assault with deadly weapon), 266h (pimping), 266i (pandering), 459
27 (burglary), 470 (forgery), 476 (fraud), 487 (grand theft), 488 (petty
28 theft), 503 (embezzlement), 518 (extortion), 641.3 (commercial
bribery), 648 (counterfeit currency), 653.22 (loiter for prostitution),
653.23 (pimping), or 647(b) (prostitution).

(B) Any cardroom owner type licensee or key employee licensee
obtaining knowledge or notice of any reasonably suspected violation
listed in subparagraph (A).

1 (4) An incident report shall include, when available and applicable, the
2 following information:

3 (A) The date and time of the incident or event.

4 (B) The identity of each perpetrator or suspect, including the
5 following:

6 1. Full name.

7 2. Address.

8 3. Date of birth.

9 4. Driver license or identification card number.
10

11 17. California Code of Regulations, title 4, section 12554 provides, in part:

12 (a) Upon the filing with the Commission of an accusation by the
13 Bureau recommending revocation, suspension, or other discipline of a holder
14 of a license, registration, permit, finding of suitability, or approval, the
15 Commission shall proceed under Chapter 5 (commencing with section
16 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

17 * * *

18 (c) The Administrative Law Judge and Commission shall base their
19 decisions on written findings of fact, including findings concerning any
20 relevant aggravating or mitigating factors. Findings of fact shall be based
21 upon a preponderance of the evidence standard. The “preponderance of the
22 evidence standard” is such evidence as when considered and compared with
23 that opposed to it, has more convincing force, and produces a belief in the
24 mind of the fact-finder that what is sought to be proved is more likely true
25 than not true.

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

(1) Revoke the license, registration, permit, finding of suitability,
or approval;

(2) Suspend the license, registration, or permit;

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(4) Impose any condition, limitation, order, or directive . . . ;

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

California Code of Regulations, Title 11

18. California Code of Regulations, title 11, section 2052, subdivision (c), provides:

Within five days of any owner licensee or key employee obtaining knowledge or notice of any possible violation of the Act or these regulations, a written report shall be submitted to the Bureau, which details the nature of the violation, the identities of those persons involved in the violation, and describes what actions have been taken to address the violation.