

Ex-enforcer accused of gambling conflict

State says he leaked information, misled regulators

By [Greg Moran](#) [\(/staff/greg-moran/\)](#) 8:45 a.m. Jan. 17, 2015

The former leader of the state gambling enforcement agency who set up his own consulting business for the state's huge gaming industry has been accused of violating the state's conflict of interest laws.

Officials say he obtained confidential information about investigations for his clients and misled regulators about their activities.

The former leader, Robert E. Lytle, is facing administrative — and not criminal — discipline that could result in the loss of three separate gambling licenses he has from the state. He has an ownership interest in two Sacramento area card rooms and has a license as a “key employee” for those, according to the complaint.

He's also seeking a license to be a director and have a 5 percent ownership stake in the Village Club, a Chula Vista cardroom. The application was filed in November by Lytle and the same owners of the Sacramento cardrooms.

That was just after the club was raided Oct. 29 by federal and state agents. It's unknown if that raid has any connection to the accusations pending against Lytle. An FBI spokesman declined to comment on the raids because the search warrants are sealed and the investigation is still active.

Lytle did not respond to a request for comment, but his lawyer Jeff Kravitz said that the allegations are blown out of proportion and that his client broke no rules.

“At the end of the day, this is a lot of smoke and not much fire,” he said.

The state accusations contend that Lytle asked for and got confidential information from the Bureau of Gambling Control special agent in charge in 2012 and 2013. The two exchanged over 180 phone calls as well as text messages and emails, the accusation said.

It said that he obtained copies of communications between the gambling bureau and its lawyers that dealt with gaming interests Lytle represented in his consulting business. In one instance he asked the agent to check on the criminal history of an individual.

The website for the Attorney General says one special agent in charge for the area covering San Jose was James Parker.

And at a commission meeting on May 29, Lytle said in response to questions from the commission that Parker worked for him as a consultant for a couple of months after Parker's retirement. It is unclear when that occurred.

Parker could not be located for comment.

The investigation appears to center on Lytle's work on behalf of a casino in San Jose whose owners are currently facing an accusation filed in May by the Attorney General. It alleges the owners hid millions in profits from the M8trix cardroom for several years, via a maze of shell companies, in an effort to lower its reported income. The case is pending.

Lytle was the director of the Division of Gambling Control from 2002 until he retired in 2007. The division, now known as the Bureau of Gambling Control, is the enforcement arm for the California Gambling Control Commission, which regulates the state's card rooms and tribal casinos.

In the accusation the state says that Lytle negotiated a new job with the San Jose casino he was charged with regulating in the weeks before his retirement from the state in 2007. Lytle retired from state service on Dec. 30 of that year, and then began working as a representative for the casino on Dec. 31.

Lytle's consulting business was set up in December 2007, and is still active.

He then represented Garden City, the owner of M8trix, in front of the bureau and the commission, both formally and informally, the state alleges. In one instance in 2008, the accusation states, Lytle complained to the then head of the enforcement bureau that investigators were again starting a probe of Garden City, and had made an unannounced visit there.

The state has three-year “cooling off” period that prohibits former officials from acting as an agent or representative in front of the agency they left.

Kravits, the lawyer for Lytle, said as a consultant Lytle didn't act as an agent. He also said that the gambling regulators were aware of what Lytle was doing at the time.

A spokeswoman for the gambling commission confirmed on Friday that the agency's current executive director, Tina Littleton, sent Lytle a letter in his capacity as a consultant at some point after he retired.

Spokeswoman Pamela Mares said that the communication occurred during the period that Lytle was prohibited from advocating his clients' interests with the agency. She could not say when the letter was sent, nor what the contents were. U-T Watchdog has requested a copy of the letter under the California Public Records Act.

A spokeswoman for the Attorney General's office declined to comment on the accusation.

The matter will go before an administrative law judge for a hearing, which has not been scheduled.

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