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BEFORE THE
CALIFORNIA GAMBLING CONTROL COMMISSION

CGCC Case No. GCCC-2017-1218-17E

In the Matter of the Application for Approval
of Third-Party Player Services License for
Supervisor, Player or Other Employee
Regarding:

DECISION AND ORDER

IAN ANGUS RILEY

Hearing Dates: Wednesday, March 27, 2019
Time: 10:00 a.m.

Applicant.

This matter was heard by the California Gambling Control Commission (Commission) pursuant to Business and Professions Code sections 19870 and 19871 and Title 4, California Code of Regulations (CCR) section 12060, in Sacramento, California, on Wednesday, March 27, 2019 at 10:00 a.m.

Deputy Attorney General Ronald Diedrich (Diedrich), Department of Justice, Attorney General's Office, State of California, represented complainant Stephanie Shimazu, Jr., Chief of the Bureau of Gambling Control (Bureau), Department of Justice, State of California (Complainant).

Applicant Ian Angus Riley was present on his own behalf without representation (Applicant).

During the administrative hearing, Presiding Officer Kate Patterson took official notice of the Conclusion of Prehearing Conference Letter, the Complainant's Statement of Particulars, Applicant's signed Notice of Defense, and the Notice of Hearing, which enclosed Applicant's State Gambling Application and the Bureau's Report.

During the administrative hearing, Presiding Officer Kate Patterson accepted into evidence the following exhibits offered by the Complainant:

- (1) Statement of Particulars; Statement to Applicant; copies of Bus. & Prof. Code, §§ 19870 & 19871; copy of Cal. Code. Regs., tit. 4, § 12060; November 6, 2018, Certificate of Service by Certified Mail Service dated

1 November 6, 2018; Certificate of Service by Certified Mail Service dated
2 January 4, 2019; and a Notice of Defense, dated July 2, 2018., Bates Nos.
3 001-027;

4 (2) Procedural documents, notices and letters:

- 5 a. December 20, 2017, Referral of Initial Third-Party Proposition Players
6 Services License Application for Ian Riley to an Evidentiary Hearing,
7 Bates Nos. 028-029;
- 8 b. January 23, 2018, Notice of Hearing Without Applicant Participation,
9 with attachments, Bates Nos. 030-041;
- 10 c. Default Decision and Order, effective April 26, 2018, Bates Nos. 042-
11 048;
- 12 d. May 24, 2018, Request for Reconsideration, with enclosures, Bates
13 Nos. 049-052;
- 14 e. June 5, 2018, Request for Reconsideration; Application for Third-Party
15 Proposition Player Services License for IAN ANGUS RILEY, Case
16 No. CGCC-2017-1218-17E; Notice of Meeting Date and Time, sans
17 enclosure, Bates Nos. 053-054;
- 18 f. June 22, 2018, Request for Reconsideration in the Application for
19 Conversion of Third-Party Providers Proposition Players Services
20 Registrations to License – Ian Riley, sans enclosure, Bates Nos. 055-
21 056;
- 22 g. September 27, 2018, Notice of Hearing, with attachments and proof of
23 service. Bates Nos. 057-068;
- 24 h. February 11, 2018, Conclusion of Pre-hearing Conference, Bates Nos.
25 069-076.

26 (3) The Bureau of Gambling Control's (Bureau's) Registration/License
27 History for Ian Angus Riley., Bates Nos. 077-078;

- 1 (4) Redacted copy of Application for Third-Party Proposition Player Services
2 License for Supervisor, Player or Other Employee, and Level I
3 Supplemental Information, dated June 10, 2016, for Ian Angus Riley.,
4 Bates Nos. 079-095;
- 5 (5) A redacted copy of the Bureau’s October 2017, Third-Party Player
6 Background Investigation Report for Ian Angus Riley., Bates Nos. 096-
7 101;
- 8 (6) Redacted copies of May 26, 2017 thru November 13, 2017 correspondence
9 between the Bureau and various third parties regarding Ian Angus Riley’s
10 background and employment history, Bates Nos. 102-163;

11 The matter was submitted on Wednesday, March 27, 2019.

12 **FINDINGS OF FACT**

- 13 1. On or about April 21, 2017, the Commission issued Applicant a registration, Number
14 TPPL – 019568 as a third-party proposition player.
- 15 2. On or about May 16, 2017, the Bureau received an Application for Approval of Third-
16 Party Player Services License for Supervisor, Player or Other Employee with a supplemental
17 application (Application) from Applicant.
- 18 3. On or about October 5, 2017, the Bureau submitted a Third-Party Player Background
19 Investigation Report (Bureau Report) to the Commission recommending the Commission approve
20 Applicant’s Application.
- 21 4. On or about December 18, 2017, the Commission referred Applicant’s Application to
22 an evidentiary hearing, pursuant to CCR section 12054, subdivision (a)(2) to be held pursuant to
23 CCR section 12060 with the Bureau to serve as Complainant. The referral included a Notice of
24 Defense with instructions to the Applicant to return it within 15 days or else the Commission may
25 deny his Application by default. Applicant failed to return the Notice of Defense.
- 26 5. On or about April 26, 2018, the Commission issued a default decision, denying
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1 Applicant's application.¹

2 6. On or about May 25, 2018, Applicant submitted a request for reconsideration of the
3 Commission's decision which was granted on June 21, 2018. The Commission ordered a new
4 hearing to occur.

5 7. On or about September 27, 2018, the Commission sent a Notice of Hearing and
6 Prehearing Conference, via US mail, to Applicant and Diedrich.

7 8. On or about November 8, 2018, the Complainant filed a Statement of Particulars with
8 the Commission and served it on Applicant via certified mail and email. In its Statement of
9 Particulars, Complainant recommended that the Commission abandon Applicant's Application.

10 9. On or about February 5, 2019, the noticed prehearing conference was held before
11 Presiding Officer Kate Patterson. Deputy Attorney General Diedrich attended on behalf of the
12 Complainant. Applicant was not present and no one appeared on his behalf.

13 10. On or about February 11, 2019, the Commission sent a Conclusion of Prehearing
14 Conference letter to Applicant and Diedrich.

15 11. The Commission heard CGCC Case No. GCCC-2017-1218-17E on Wednesday,
16 March 27, 2019. The Complainant was represented throughout the hearing by Deputy Attorney
17 General Diedrich. Applicant appeared on his own behalf and was without representation.

18 Applicant's Testimony

19 12. The Commissioners inquired from Applicant about the basis for his termination from
20 the third-party provider Arise, LLC. Applicant stated that he had been told to leave the gaming
21 floor and go home. Once he got home, he posted something derogatory on social media but then
22 removed the posting.

23 13. Ultimately, Applicant testified credibly on his own behalf. Applicant regretted the use
24 of social media and was remorseful. Applicant's explanations for his behavior and past

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26 ¹ The Commission's Default Decision and Order dated April 26, 2018 made no factual findings as to
27 Applicant's character, honesty, integrity, prior activities, criminal record, habits, or associations and the Order
28 denying his Application was based only on the fact that he did not submit a Notice of Defense form, did not attend
the hearing, and did not offer any evidence at the hearing to meet his burden of demonstrating why a license should
be issued.

1 employment issues were consistent and raised no concerns about his character, honesty and
2 integrity, or his ability to work in controlled gambling.

3 14. The matter was submitted for Commission consideration on Wednesday, March 27,
4 2019.

5 **LEGAL CONCLUSIONS**

6 15. Division 1.5 of the Business and Professions Code, the provisions of which govern the
7 denial of licenses on various grounds, does not apply to licensure decisions made by the
8 Commission under the Gambling Control Act. (Bus. & Prof. Code § 476, subd. (a).)

9 16. An application to receive a license constitutes a request for a determination of the
10 applicant's general character, integrity, and ability to participate in, engage in, or be associated
11 with, controlled gambling. (Bus. & Prof. Code § 19856, subd. (b).)

12 17. At an evidentiary hearing pursuant to Business and Professions Code sections 19870
13 and 19871 and Title 4, CCR section 12060 the burden of proof rests with the applicant to
14 demonstrate why a license or other approval should be issued. (Cal. Code Regs., tit. 4, § 12060,
15 subd. (i); Bus. & Prof. Code § 19856, subd. (a).)

16 18. Public trust and confidence can only be maintained by strict and comprehensive
17 regulation of all persons, locations, practices, associations, and activities related to the operation
18 of lawful gambling establishments and the manufacture and distribution of permissible gambling
19 equipment. (Bus. & Prof. Code § 19801, subd. (h).)

20 19. The Commission has the responsibility of assuring that licenses, approvals, and
21 permits are not issued to, or held by, unqualified or disqualified persons, or by persons whose
22 operations are conducted in a manner that is inimical to the public health, safety, or welfare. (Bus.
23 & Prof. Code § 19823, subd. (a)(1).)

24 20. An "unqualified person" means a person who is found to be unqualified pursuant to
25 the criteria set forth in Business and Professions Code section 19857, and "disqualified person"
26 means a person who is found to be disqualified pursuant to the criteria set forth in Business and
27 Professions Code section 19859. (Bus. & Prof. Code § 19823, subd. (b).)

1 21. The Commission has the power to deny any application for a license, permit, or
2 approval for any cause deemed reasonable by the Commission. (Bus. & Prof. Code § 19824,
3 subd. (b).)

4 22. No gambling license shall be issued unless, based on all of the information and
5 documents submitted, the commission is satisfied that the applicant is a person of good character,
6 honesty and integrity. (Bus. & Prof. Code § 19857, subd. (a).)

7 23. No gambling license shall be issued unless, based on all of the information and
8 documents submitted, the commission is satisfied that the applicant is a person whose prior
9 activities, criminal record, if any, reputation, habits, and associations do not pose a threat to the
10 public interest of this state, or to the effective regulation and control of controlled gambling, or
11 create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in
12 the conduct of controlled gambling or in the carrying on of the business and financial
13 arrangements incidental thereto. (Bus. & Prof. Code § 19857, subd. (b).)

14 24. The commission shall deny a license to any applicant who is disqualified for failure of
15 the applicant to provide information, documentation, and assurances required by this chapter or
16 requested by the chief, or failure of the applicant to reveal any fact material to qualification, or the
17 supplying of information that is untrue or misleading as to a material fact pertaining to the
18 qualification criteria. (Bus. & Prof. Code § 19859, subd. (b).)

19 25. A requester shall be ineligible for licensing [as a third party proposition player] if the
20 requester has failed to meet the requirements of Business and Professions Code sections 19856 or
21 19857. (Cal. Code Regs., tit. 4, § 12218.11, subd. (e).)

22 26. Applicant has met his burden of proving that he is a person of good character, honesty,
23 and integrity. Therefore, Applicant is qualified to receive a third party proposition player license
24 pursuant to Business and Professions Code section 19857(a). As a result, Applicant is not
25 ineligible to receive a third party proposition player license pursuant to CCR section 12218.11(e).

26 27. Applicant has met his burden of proving that he is a person whose prior activities,
27 criminal record, if any, reputation, habits, and associations do not pose a threat to the public
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1 interest of this state, or to the effective regulation and control of controlled gambling, or create or
2 enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the
3 conduct of controlled gambling or in the carrying on of the business and financial arrangements
4 incidental thereto. Therefore, Applicant is qualified to receive a third party proposition player
5 license pursuant to Business and Professions Code section 19857(b). As a result, Applicant is not
6 ineligible to receive a third party proposition player license pursuant to CCR section 12218.11(e).

7 28. Applicant has met his burden of proving that he is not disqualified from licensure
8 pursuant to Business and Professions Code section 19859 nor ineligible for licensing as a third
9 party proposition player pursuant to CCR section 12218.11.

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NOTICE OF APPLICANT’S APPEAL RIGHTS

Applicant has the following appeal rights available under state law:

CCR section 12064, subsections (a) and (b) provide, in part:

An applicant denied a license, permit, registration, or finding of suitability, or whose license, permit, registration, or finding of suitability has had conditions, restrictions, or limitations imposed upon it, may request reconsideration by the Commission within 30 calendar days of service of the decision, or before the effective date specified in the decision, whichever is later. The request shall be made in writing to the Commission, copied to the Bureau, and shall state the reasons for the request, which must be based upon either newly discovered evidence or legal authorities that could not reasonably have been presented before the Commission’s issuance of the decision or at the hearing on the matter, or upon other good cause which the Commission may decide, in its sole discretion, merits reconsideration.

Business and Professions Code section 19870, subdivision (e) provides:

A decision of the commission 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 shall not apply to any judicial proceeding described in the foregoing sentence, 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.

CCR section 12066, subsection (c) provides:

A decision of the Commission denying an application or imposing conditions on license shall be subject to judicial review as provided in Business and Professions Code section 19870, subdivision (e). Neither the right to petition for judicial review nor the time for filing the petition shall be affected by failure to seek reconsideration.

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ORDER

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2 1. The Commission's prior DEFAULT DECISION AND ORDER, issued on April 26,
3 2018, denying IAN ANGUS RILEY Application for Approval of Third-Party Proposition Player
4 Services License is hereby VACATED.

5 2. IAN ANGUS RILEY Application for Approval of Third-Party Proposition Player
6 Services License is hereby APPROVED.

7 3. No costs are to be awarded.

8 4. Each side to pay its own attorneys' fees.

9 This Order is effective on 4/29/19.

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11 Dated: 4/29/19

Signature: Paula LaBrie

12 Paula LaBrie, Commissioner

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14 Dated: 4/29/19

Signature: Gareth Lacy

15 Gareth Lacy, Commissioner

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17 Dated: 4/29/19

Signature: Trang To

18 Trang To, Commissioner

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21 Chairman Evans did not participate in the hearing or deliberation of this decision and order.
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