

BEFORE THE
CALIFORNIA GAMBLING CONTROL COMMISSION

In the Matter of the Application for Third-Party
Proposition Player Services Supervisor License
for:

Shawn Michael Zion

Applicant.

CGCC Case No. CGCC-2021-0708-9C
BGC Case No. HQ2021-00028SL

DECISION AND ORDER

Hearing Date: August 16, 2022
Time: 10:00 a.m.

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, and held via Zoom video conference, on August 16, 2022.

James G. Waian, Deputy Attorney General, State of California (DAG Waian), represented complainant Yolanda Morrow, Director of the Bureau of Gambling Control (Bureau), Department of Justice, State of California. Shawn Michael Zion (Zion) attended on his own behalf without representation.

During the evidentiary hearing, Presiding Officer Russell Johnson (Presiding Officer) took official notice of the Notice and Agenda of Commission Hearing, the Commission’s Conclusion of Prehearing Conference letter, the Commission’s Notice of Hearing with attachments (A) Zion’s Application, and (B) the Bureau’s background investigation report, the Bureau’s Statement of Reasons, and Zion’s signed Notice of Defense.

Pursuant to a stipulation between the parties, the Presiding Officer accepted into evidence Exhibits 1 through Exhibit 9 offered by the Bureau, which contain bates numbering “BGC – 001” through “BGC – 128” with a table of contents that separately identifies each document. The record was closed and the matter was submitted for decision on August 16, 2022.

FINDINGS OF FACT

1. On or about May 22, 2018, the Bureau received an initial Application for Third-Party Proposition Player Services License for Supervisor, Player or Other Employee and Level II

1 Supplemental Information (Application) from Zion. The Application is to allow for Zion's
2 employment as a third-party proposition player supervisor for Knighted Ventures, LLC
3 (Knighted).

4 2. On or about May 10, 2021, the Bureau submitted a Third-Party Supervisor Initial
5 Background Investigation Report (Report) to the Commission recommending that Zion's
6 Application be denied. On May 10, 2021, Yolanda Morrow, then Assistant Director, and Brian
7 Gilleland, Manager II with the Bureau, called Zion and informed him generally of the basis for
8 the Bureau's recommendation to deny his Application.

9 3. At its July 8, 2021 meeting, the Commission referred consideration of Zion's
10 Application to an evidentiary hearing to be conducted pursuant to Business and Professions Code
11 sections 19870 and 19871, and California Code of Regulations, title 4, section 12056, subdivision
12 (a).

13 4. On October 26, 2021, the Commission notified Zion that he failed to timely return his
14 Notice of Defense form and that the Commission would be holding a default hearing on
15 December 2, 2021. The Commission issued a default decision against Zion. The decision was
16 stayed, however, while the Commission considered a Request for Reconsideration made by
17 Zion.

18 5. At its January 20, 2022 meeting, the Commission granted Zion's Request for
19 Reconsideration. On or about February 9, 2022, Zion submitted his Notice of Defense requesting
20 an evidentiary hearing on his Application.

21 6. On February 25, 2022, the Commission sent a Notice of Hearing to Zion. The hearing
22 was set for August 16, 2022.

23 7. On or about July 6, 2022, the Bureau sent a Statement of Reasons to Zion via certified
24 mail. The Commission received the Statement of Reasons on July 6, 2022. In the Statement of
25 Reasons, the Bureau requests that the Commission deny Zion's Application.

26 8. On July 6, 2022, the noticed Prehearing Conference was held before the Presiding
27 Officer. DAG Waian attended on behalf of the Bureau. Zion did not attend and no one attended
28 on his behalf.

1 9. On July 6, 2022, the Commission sent a Conclusion of Prehearing Conference letter,
2 via e-mail and regular mail, to Zion and DAG Waian.

3 **ZION’S EMPLOYMENT HISTORY**

4 10. Knighted, a registered third-party proposition player services provider, has employed
5 Zion since approximately May 2014. On April 27, 2018, the Commission issued third-party
6 proposition player supervisor registration number TPSU-001526 to Zion after he was promoted to
7 the position of a supervisor by Knighted. Zion has worked as a supervisor for Knighted since
8 April 2018.

9 **ZION’S FAILURE TO PROVIDE REQUESTED INFORMATION TO THE BUREAU**

10 11. During the background investigation stage of his Application, Zion failed to provide
11 material information requested by the Bureau. The Bureau made several attempts to obtain the
12 missing information from Zion that was needed to adjudicate his Application.

13 12. By letter dated February 23, 2021, the Bureau requested additional information
14 regarding Zion’s personal finances, taxes, and liabilities (three overdue accounts). The Bureau’s
15 letter included a hyperlink where Zion could request the tax-related information it sought directly
16 from the Internal Revenue Service. The Bureau’s letter gave Zion until March 5, 2021, to provide
17 the requested information.

18 13. After Zion failed to provide all of the requested information and documents. On
19 March 9, 2021, the Bureau made a final attempt to obtain the information it requested on
20 February 23, 2021, and gave Zion until March 16, 2021, to provide it. Zion did not provide a
21 response.

22 14. On April 27, 2021, the Bureau informed Zion of its intent to recommend denial of his
23 Application to the Commission due to his failure to provide the information the Bureau initially
24 requested on February 23, 2021, pursuant to CCR, title 4, section 12040, subdivision (a)(2), and
25 Business and Professions Code section 19859, subdivisions (a) and (b).

26 15. The parties’ submissions to the Commission during the hearing do not include any of
27 the information the Bureau requested on February 23, 2021, and March 9, 2021.

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1 **THE BUREAU WAS UNABLE TO COMPLETE ZION’S BACKGROUND INVESTIGATION**

2 16. The Report provides, that as a result of Zion’s failure to provide requested information
3 and documentation, the Bureau was not able to conduct a full review of Zion’s finances, and was
4 unable to complete its background investigation.

5 **ZION’S TESTIMONY**

6 17. Zion admits he failed to provide the information requested by the Bureau in its letters
7 dated February 27, 2021, and March 9, 2021. Zion’s excuse for not providing the requested
8 information includes his work-related relocation, stress of establishing a new business, and
9 inability to find the tax-related and collections account information requested by the Bureau. Zion
10 took responsibility for his failure to provide the requested information to the Bureau.

11 **LEGAL CONCLUSIONS**

12 18. The hearing on this matter “need not be conducted according to technical rules
13 relating to evidence and witnesses. Any relevant evidence may be considered, and is sufficient in
14 itself to support a finding, if it is the sort of evidence on which responsible persons are
15 accustomed to rely in the conduct of serious affairs, regardless of the existence of any common
16 law or statutory rule that might make improper the admission of that evidence over objection in a
17 civil action.” (Bus. & Prof. Code, § 19871, subd. (a)(4); Cal. Code Regs., tit. 4, § 12060, subd.
18 (g)(2).)

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

22 20. Public trust that permissible gambling will not endanger public health, safety, or
23 welfare requires that comprehensive measures be enacted to ensure that gambling is free from
24 criminal and corruptive elements, that it is conducted honestly and competitively, and that it is
25 conducted in suitable locations. (Bus. & Prof. Code, § 19801, subd. (g).)

26 21. Public trust and confidence can only be maintained by strict and comprehensive
27 regulation of all persons, locations, practices, associations, and activities related to the operation
28 of lawful gambling establishments and the manufacture and distribution of permissible gambling

1 equipment. (Bus. & Prof. Code, § 19801, subd. (h).)

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

6 23. An “unqualified person” means a person who is found to be unqualified pursuant to
7 the criteria set forth in Section 19857, and “disqualified person” means a person who is found to
8 be disqualified pursuant to the criteria set forth in Section 19859. (Bus. & Prof. Code, § 19823,
9 subd. (b).)

10 24. The Commission has the power to deny any application for a license, permit, or
11 approval for any cause deemed reasonable by the Commission. (Bus. & Prof. Code, § 19824,
12 subd. (b).)

13 25. The Commission has the power to take actions deemed to be reasonable to ensure
14 that no ineligible, unqualified, disqualified, or unsuitable persons are associated with controlled
15 gambling activities. (Bus. & Prof. Code, § 19824, subd. (d).)

16 26. The burden of proving his or her qualifications to receive any license from the
17 Commission is on the applicant. (Bus. & Prof. Code, § 19856, subd. (a); Cal. Code Regs., tit. 4, §
18 12060, subd. (i).)

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

22 28. In reviewing an application for any license, the commission shall consider
23 whether issuance of the license is inimical to public health, safety, or welfare, and whether
24 issuance of the license will undermine public trust that the gambling operations with respect to
25 which the license would be issued are free from criminal and dishonest elements and would be
26 conducted honestly. (Bus. & Prof. Code, § 19856, subd. (c).)

27 29. No gambling license shall be issued unless, based on all of the information and
28 documents submitted, the commission is satisfied that the applicant is a person of good character,

1 honesty, and integrity. (Bus. & Prof. Code, § 19857, subd. (a).)

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

9 31. No gambling license shall be issued unless, based on all of the information and
10 documents submitted, the commission is satisfied that the applicant is a person that is in all other
11 respects qualified to be licensed as provided in this chapter. (Bus. & Prof. Code, § 19857, subd.
12 (c).)

13 32. An application will be denied if the Commission finds that the applicant has not
14 satisfied the requirements of Business and Professions Code section 19857. (Cal. Code Regs., tit.
15 4, § 12040, subd. (a)(1).)

16 33. An application will be denied if the applicant fails to clearly establish eligibility
17 and qualification in accordance with the Act. (Bus. & Prof. Code, § 19859, subd. (a).)

18 34. An application will be denied if the applicant fails “to provide information,
19 documentation, and assurances required by this chapter or requested by the chief, or failure of the
20 applicant to reveal any fact material to qualification, or the supplying of information that is untrue
21 or misleading as to a material fact pertaining to the qualification criteria.” (Bus. & Prof. Code, §
22 19859, subd. (b).)

23 35. An applicant for licensing or for any approval or consent required by the Act,
24 “shall make full and true disclosure of all information to the department and the commission as
25 necessary to carry out the policies of this state relating to licensing, registration, and control of
26 gambling.” (Bus. & Prof. Code, § 19866.)

27 36. The Bureau relies, in large part, on the applicant’s disclosures while conducting a
28 background investigation. The failure to honestly and accurately disclose complete information in

1 response to the Bureau's inquiries subverts the Bureau's efforts to conduct a thorough and
2 complete investigation. (Bus. & Prof. Code, §§ 19826, subd. (a), 19866.)

3 37. Both the substance of an applicant's disclosures, and the truthfulness and
4 thoroughness of an applicant's disclosures, are considered by the Bureau in making a
5 recommendation as to the applicant's suitability for licensure, and by the Commission in making
6 a determination whether to approve or deny a license application. (Bus. & Prof. Code, §§ 19824,
7 subd. (a) & (d), 19826, subd. (a), 19866.)

8 38. All of the information requested on the Application has been considered through
9 the legislative and regulatory processes and determined necessary in order for the Commission to
10 discharge its duties properly. An applicant is neither expected, nor permitted, to determine the
11 importance of the information requested, and instead is required to provide full and complete
12 information as requested.

13 **ASSESSMENT OF ZION'S SUITABILITY FOR LICENSURE**

14 39. The information the Bureau sought, but did not receive from Zion, is relevant and
15 material for the Commission to determine whether he is qualified to hold a supervisor's license
16 with Knighted. The information the Bureau sought, but did not receive from Zion, prevented the
17 Bureau from fulfilling its duty to thoroughly investigate Zion's application. (Bus. & Prof. Code, §
18 19826, subd. (a).) Importantly, the information the Bureau sought, but did not receive from Zion,
19 prevents the Commission from determining whether Zion is qualified to receive a third-party
20 proposition player supervisor license. (Bus. & Prof. Code, §§ 19856, subd. (a), 19857.)

21 40. The Bureau's inability to conduct a full review of Zion's finances prevents the
22 Commission from determining his suitability for licensure under several provisions of the Act.
23 Zion's failure to provide requested information to the Bureau necessarily means that he has failed
24 to clearly establish eligibility and qualification in accordance with the Act. Therefore, Zion is not
25 qualified for the issuance of a third-party proposition player supervisor license pursuant to
26 Business and Professions Code section 19857, and disqualified pursuant to Business and
27 Professions Code section 19859, subdivisions (a) and (b). (Cal. Code Regs., tit. 4, §12040 (a)(1),
28 (a)(2).)

1 41. At the hearing, Zion admitted that he did not provide the information requested by the
2 Bureau. He also testified that he is willing now to provide the requested information to the
3 Bureau. However, the Application required this information in the first instance, and the Bureau
4 provided Zion multiple opportunities to provide the necessary information. During the lengthy
5 background investigation process, Zion repeatedly missed the chances provided by the Bureau to
6 comply with its requests for information. During the hearing, Zion did not submit for the
7 Commission's consideration any of the information requested by the Bureau. Without a complete
8 review of Zion's finances, the Commission is unable to conclude that he meets the qualification
9 criteria provided in the Act. (Bus. & Prof. Code, §§ 19856, subd. (a), 19857.) Based on the
10 foregoing, Zion's Application must be denied pursuant to CCR section 12040, subdivision (a)(1).

11 42. Moreover, Zion's failure to provide requested information to the Bureau in
12 connection with his Application renders him unable to meet his burden of demonstrating that he is
13 qualified to hold a third-party proposition player supervisor license. (Bus. & Prof. Code, § 19856,
14 subd. (a).)

15 43. Additionally, Zion's failure to provide the requested information in connection with
16 his Application to the Bureau renders him unqualified for issuance of a third-party proposition
17 player supervisor license pursuant to Business and Professions Code section 19857, subdivision
18 (c). Based on the foregoing, Zion's Application must be denied pursuant to CCR section 12040,
19 subdivision (a)(1).

20 44. Independent of Business and Professions Code sections 19856 and 19857, Zion's
21 failure to provide requested information in connection with his Application to the Bureau
22 necessarily means that he failed to clearly establish eligibility and qualification in accordance
23 with the Act pursuant to Business and Professions Code section 19859, subdivision (a). Based on
24 the foregoing, Zion's Application must be denied pursuant to CCR section 12040, subdivision
25 (a)(2).

26 45. Also, independent of Business and Professions Code sections 19856, 19857, and
27 19859, subdivision (a), Zion's failure to provide requested information to the Bureau also renders
28 him disqualified from holding a third-party proposition player supervisor license pursuant to

1 Business and Professions Code section 19859, subdivision (b). Based on the foregoing, Zion’s
2 Application must be denied pursuant to CCR section 12040, subdivision (a)(2).

3 46. Based on the foregoing, as Zion is unqualified and disqualified for a third-party
4 proposition player supervisor license, his registration number TPSU-001526 is void. (Cal. Code
5 Regs., tit. 4, § 12122, subd. (d).)

6 47. All documentary and testimonial evidence submitted by the parties that is not
7 specifically addressed in this Decision and Order was considered but not used by the Commission
8 in making its determination on Zion’s Application.

9 NOTICE OF APPLICANT’S APPEAL RIGHTS

10 Zion has the following appeal rights available under state law.

11 1. CCR section 12064, provides, in part:

12
13 (a) After the Commission issues a decision following a GCA hearing conducted
14 pursuant to Section 12060, an applicant denied a license, permit, registration, or
15 finding of suitability, or whose license, permit, registration, or finding of
16 suitability has had conditions, restrictions, or limitations imposed upon it, may
17 request reconsideration by the Commission. A request for reconsideration must
18 be:

19 (1) Made in writing to the Commission, copied to the complainant. The
20 Bureau may provide a written response to the Commission within 10 calendar days
21 of receipt of the request; and,

22 (2) Received by the Commission and complainant within 30 calendar days of
23 service of the decision, or before the effective date specified in the decision,
24 whichever is earlier.

25 (b) A request for reconsideration must state the reasons for the request, which
26 must be based upon either:

27 (1) Newly discovered evidence or legal authorities that could not reasonably
28 have been presented before the Commission’s issuance of the decision or at the
hearing on the matter; or,

(2) Other good cause which the Commission may decide, in its sole discretion,
merits reconsideration.

2. Business and Professions Code section 19870, subdivision (f) provides:

A decision of the commission after an evidentiary hearing, 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 held to consider that petition, and the court may grant the

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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.

3. CCR section 12066, subsection (c) provides:

A decision of the Commission denying an application or imposing conditions on a license after an evidentiary hearing will be subject to judicial review as provided in Business and Professions Code section 19870, subdivision (f). 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

- 1. SHAWN MICHAEL ZION’S Application for Approval of Third-Party Proposition Player Service License for Supervisor, Player or Other Employee is DENIED.
- 2. SHAWN MICHAEL ZION’s registration number TPSU-001526 is void.
- 3. SHAWN MICHAEL ZION is eligible to apply for any type of Commission-issued license or work permit after the effective date of this Order.

This Order is effective on October 22, 2022.

Dated: 9/22/2022 Signature: 
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Paula LaBrie, Chair

Dated: 9/22/2022 Signature: 
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Cathleen Galgiani, Commissioner

Dated: 9/22/2022 Signature: 
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Eric Heins, Commissioner

Dated: 9/22/2022 Signature: 
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William Liu, Commissioner

Dated: 9/22/2022 Signature: 
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Edward Yee, Commissioner