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BEFORE THE
CALIFORNIA GAMBLING CONTROL COMMISSION

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

CGCC Case No. CGCC-2022-0721-7C
BGC Case No. BGC-HQ2022-00017SL

MATTHEW PATRICK STEARNS

DECISION AND ORDER

Hearing Date: June 1, 2023
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, via Zoom video conference, on June 1, 2023.

Attorney Tiffany Lichtig (Attorney Lichtig) represented applicant Matthew Stearns (Stearns) throughout the evidentiary hearing.

Neil Houston, Deputy Attorney General, State of California (DAG Houston), represented complainant Yolanda Morrow, Director of the Bureau of Gambling Control (Bureau), Department of Justice, State of California.

During the evidentiary hearing, Presiding Officer Paras Modha (PO Modha), Attorney III of the Commission, took official notice of the following documents: the Commission’s Notice and Agenda of Commission Hearing; the Commission’s Conclusion of Prehearing Conference letter; the Commission’s Notice of Hearing with attachments (A) Stearns’ Application for Employee Category License, and (B) the Bureau’s Third-Party Supervisor Initial Background Investigation Report; the Bureau’s Statement of Reasons; and Stearns’ signed Notice of Defense.

During the evidentiary hearing, PO Modha accepted into evidence Exhibits 1-11, Bates Nos. Complainant 001-255, offered by the Bureau and identified on the Bureau’s Evidentiary Exhibit Index, pursuant to a stipulation between the parties.

During the evidentiary hearing, PO Modha accepted into evidence Exhibits A-E, Bates Nos. Complainant 001-006, offered by Stearns and identified on Stearns’ Evidentiary Exhibit

1 Index, pursuant to a stipulation between the parties.

2 At the conclusion of the hearing, the record was left open for the parties to submit closing
3 briefs and for Stearns' to submit documentation substantiating the amount of his unemployment
4 insurance payments issued by the Employment Development Department (EDD).

5 After the hearing, DAG Houston and Attorney Lichtig timely submitted initial and reply
6 closing briefs. Additionally, Attorney Lichtig submitted documentation concerning Stearns' EDD
7 payments, which PO Modha accepted into evidence as Stearns' Exhibit F without objection. PO
8 Modha closed the administrative record and the matter was submitted for decision on June 22,
9 2023.

10 FINDINGS OF FACT

11 **Procedural History**

12 1. In approximately October 2021, Stearns began working as a supervisor for Global
13 Player Services, Inc. (Global Players), a licensed provider of third-party proposition player
14 services (TPPPS).

15 2. On or about October 11, 2021, the Bureau received an Application for an Employee
16 Category License, and a Key Employee or TPPPS Supervisor: Supplemental Information form
17 (collectively, Application) from Stearns.

18 3. On October 28, 2021, the Commission issued Stearns a Third-Party Supervisor
19 Temporary License, number TPSU-001971, which is valid through October 31, 2023.

20 4. On or about May 31, 2022, the Commission received the Bureau's Third-Party
21 Supervisor Initial Background Investigation Report on Stearns. In this report, the Bureau
22 recommends that the Commission deny the Application¹ due to Stearns' allegedly engaging in
23 prohibited player-dealer participation, resulting in him being excluded from entering a gambling
24 establishment.

25 5. On July 21, 2022, the Commission voted to refer the consideration of Stearns'
26 Application to a Gambling Control Act evidentiary hearing pursuant to CCR sections 12060(a)

27 ¹ The Bureau's report also identifies that Stearns was convicted of a misdemeanor offense in 2014
28 that was later dismissed pursuant to California Penal Code section 1203.4. The Bureau does not assert this
conviction is a ground for denial of the Application.

1 and 12054(a)(4).

2 6. On or about July 27, 2022, the Commission sent a letter, via regular and certified mail,
3 to Stearns notifying him that the Commission referred the consideration of his Application to an
4 evidentiary hearing and providing a Notice of Defense form for him to return if he wanted to
5 request a hearing.

6 7. Stearns failed to return the Notice of Defense form within the required timeframe. On
7 October 17, 2022, the Commission notified Stearns that his application would be considered
8 without his participation on November 17, 2022. Stearns appeared at the November 17, 2022
9 meeting and advised that he wanted to request an evidentiary hearing, resulting in the
10 Commission taking no action on his Application.

11 8. On or about November 28, 2022, the Commission received a Notice of Defense form
12 signed by Stearns requesting an evidentiary hearing on the consideration of his Application.

13 9. On or about December 13, 2022, the Commission sent a Notice of Hearing, via e-mail,
14 to Stearns and DAG Houston. The hearing was set for June 1, 2023 at 10:00 a.m.

15 10. On or about April 17, 2023, the Bureau sent a Statement of Reasons to Stearns and the
16 Commission. In the Statement of Reasons, the Bureau alleges one cause for denial of the
17 Application based on allegations that Stearns and two others engaged in prohibited player-dealer
18 participation. Specifically, the Bureau alleged at the hearing that Stearns violated 4 CCR section
19 12005(b), which provides that “[a] person cannot play as a participant in a California game as an
20 employee or independent contractor except as authorized in an approved TPPPS contract.”

21 **Stearns’ Employment History in Controlled Gambling**

22 11. Stearns has worked in the controlled gambling industry since approximately August
23 2015. Stearns was first employed by Global Players from May to August 2015 as a gaming
24 associate servicing The Player’s Casino in Ventura, California.

25 12. Stearns was employed by Dragon Player Services, Inc. from August to November
26 2015 as a gaming associate servicing The Player’s Casino.

27 13. Stearns was employed by Knighted Ventures, LLC from June 2018 to April 2021 as a
28 gaming associate servicing The Player’s Casino.

1 14. In October 2021, Stearns returned to work for Global Players as a Third-Party
2 Supervisor servicing Empire Sportsman Association in Modesto, California and remains
3 employed in that position.

4 15. No evidence was admitted to suggest that Stearns has any derogatory work history in
5 controlled gambling.

6 **Stearns' Exclusion from Commerce Casino**

7 16. Stearns disclosed on the Supplemental Information Form within the Application that
8 he had been removed or prohibited from entering the premises of a gambling establishment when
9 he and two others attempted to act as a "player/bank" at Commerce Casino (Exclusion Incident).

10 17. During the course of the Bureau's background investigation on Stearns, information
11 was requested and received from Commerce Casino concerning the Exclusion Incident.
12 Commerce Casino provided a response, explaining that on May 18, 2021, Stearns and two other
13 individuals, referred to herein as individuals A and B, came to the casino. Individual A deposited
14 \$60,000 into his player bank account and provided Stearns and individual B with \$20,000 in chips
15 each. Thereafter, Stearns and individuals A and B wagered at various tables in the casino and
16 thereafter were observed returning chips to individual A before leaving. On May 19, 2021,
17 Stearns and individuals A and B returned to Commerce Casino and were informed that they were
18 permanently barred from entry.

19 18. Stearns made two written statements concerning the Exclusion Incident, both of which
20 were consistent with the information received from Commerce Casino. In these statements,
21 Stearns' asserts that on May 18, 2021, he and two friends got some money together for the
22 purpose of banking games at Commerce Casino to make extra money during the Covid-19
23 pandemic. Stearns and his friends banked games for several hours without issue. However, when
24 they returned the next day, Stearns and individuals A and B were told to leave and that they were
25 banned for "going in there together to try and bank tables." Stearns' statements assert that when
26 he and individuals A and B went to Commerce Casino on May 18, they did not believe they were
27 doing anything wrong. Stearns had never learned about the regulations concerning prohibited
28 player-dealer participation. Stearns was apologetic in his statements and claims he will never

1 make the same mistake again.

2 19. Stearns' testimony was consistent with his prior statements concerning the Exclusion
3 Incident. Stearns testified that he and individuals A and B all worked in the gambling industry
4 prior to the cardrooms they worked at closing due to Covid-19. Stearns and individuals A and B
5 decided to pool their money, each providing \$20,000, to bank games at Commerce Casino.
6 Stearns and his friends thought it would be easier if they only opened one player's bank, which
7 was opened in individual A's name. Stearns testified that his share of the funds came from
8 unemployment insurance payments and savings over a period of three months. Stearns submitted
9 evidence substantiating that he had income from the EDD to substantiate the source of the funds
10 he contributed.

11 20. Stearns testified that he and individuals A and B played for approximately three hours
12 and then met in the middle of the gaming floor where they put all their chips together for
13 individual A to deposit into his player's bank. Stearns and individuals A and B made approximately
14 \$1,845 profit on May 18, 2021, which they split equally right after leaving Commerce Casino.

15 21. Stearns testified that he was not aware that there were rules relating to who could
16 accept the player-dealer position and he did not intend to engage in prohibited player-dealer
17 participation. Stearns, in his capacity as a TPPPS player/gaming associate, was told that the
18 player-dealer position had to be offered to players every two hands and frequently players would
19 accept the position. Stearns had never seen a player excluded or removed for accepting the
20 player-dealer position. Stearns knew that there was extensive surveillance at Commerce Casino
21 and he and individuals A and B gathered and split their funds in clear view of the cameras
22 without concern because they did not know they were violating any rules. Stearns testified that
23 this was an isolated incident. Stearns now understands that he and his friends should have kept
24 their funds separate or pursued licensure as a TPPPS.

25 **Character Reference Letters and Testimony of Lisa Rodriguez**

26 22. Lisa Rodriguez testified on Stearns' behalf. Ms. Rodriguez is an owner of Global
27 Players and testified that she first hired Stearns in 2015 as a TPPPS player servicing the Player's
28 Casino, and then again in 2021 as a TPPPS supervisor servicing Empire Sportsmen's Association.

1 Ms. Rodriguez testified that during the application process, she learned that Stearns had been
2 excluded from Commerce Casino, but she decided to move forward with hiring him as a
3 supervisor. Ms. Rodriguez believes that Stearns made a genuine mistake and that the majority of
4 people in the TPPPS industry would not have understood the potential violation at issue. Ms.
5 Rodriguez has never seen this issue come up before and Global Players does not provide
6 employee training on the topic of prohibited player-dealer participation.

7 23. Ms. Rodriguez further testified that Stearns has worked approximately one and a half
8 years now as a supervisor and has done an excellent job and demonstrated that he is reliable and
9 trustworthy.

10 24. Jeff Saetern provided a letter of reference for Stearns. Mr. Saetern is a Floorman at
11 Empire Sportsmen's Association and has known Stearns since June 2022. Mr. Saetern wrote that
12 Stearns is intelligent, dependable, and trustworthy, and follows rules and protocols with accuracy.

13 25. Justin Dimalanta provided a letter of reference stating that he has known Stearns since
14 2014 when he supervised Stearns at The Player's Casino. Mr. Dimalanta wrote that Stearns is
15 courteous, a good friend, and generous. Additionally, Mr. Dimalanta wrote that Stearns does well
16 running his shift, making work schedules, bettering associates' game knowledge, and ensuring the
17 integrity of all table games.

18 26. Choy Saetern, Operations Supervisor, has known Stearns for approximately six years
19 as a friend and colleague. Her letter of reference describes Stearns as caring, generous, selfless,
20 reliable, consistent, and goal oriented.

21 PERTINENT LEGAL AUTHORITY

22 27. Division 1.5 of the Business and Professions Code, the provisions of which govern the
23 denial of licenses on various grounds, does not apply to licensure decisions made by the
24 Commission under the Gambling Control Act (Act). Business and Professions Code section
25 476(a).

26 28. The Act is an exercise of the police power of the state for the protection of the health,
27 safety, and welfare of the people of the State of California, and shall be liberally construed to
28 effectuate those purposes. Business and Professions Code section 19971.

1 29. Public trust and confidence can only be maintained by strict and comprehensive
2 regulation of all persons, locations, practices, associations, and activities related to the operation
3 of lawful gambling establishments. Business and Professions Code section 19801(h).

4 30. The Commission has the responsibility of assuring that licenses are not issued to, or
5 held by, unqualified or disqualified persons, or by persons whose operations are conducted in a
6 manner that is inimical to the public health, safety, or welfare. Business and Professions Code
7 section 19823(a)(1).

8 31. An “unqualified person” means a person who is found to be unqualified pursuant to
9 the criteria set forth in Section 19857, and “disqualified person” means a person who is found to
10 be disqualified pursuant to the criteria set forth in Section 19859. Business and Professions Code
11 section 19823(b).

12 32. The burden of proving his or her qualifications to receive any license from the
13 Commission is on the applicant. Business and Professions Code section 19856(a), CCR section
14 12060(j).

15 33. An application to receive a license constitutes a request for a determination of the
16 applicant’s general character, integrity, and ability to participate in, engage in, or be associated
17 with, controlled gambling. Business and Professions Code section 19856(b).

18 34. No gambling license shall be issued unless, based on all of the information and
19 documents submitted, the Commission is satisfied that the applicant is a person of good character,
20 honesty, and integrity. Business and Professions Code section 19857(a).

21 35. No gambling license shall be issued unless, based on all of the information and
22 documents submitted, the Commission is satisfied that the applicant is a person whose prior
23 activities, criminal record, if any, reputation, habits, and associations do not pose a threat to the
24 public interest of this state, or to the effective regulation and control of controlled gambling.
25 Business and Professions Code section 19857(b).

26 36. Prohibited player-dealer participation includes playing as a participant in a California
27 game as an employee or independent contractor except as authorized in an approved TPPPS
28 contract. 4 CCR section 12005(b).

1 37. Prohibited player-dealer participation may result in license revocation, license
2 discipline, or denial of an application. 4 CCR section 12005(d).

3 ASSESSMENT OF STEARNS' SUITABILITY FOR LICENSURE

4 38. The only concern with the Application presented during the hearing stems from
5 Stearns' potential violation of CCR section 12005(b), for engaging in prohibited player-dealer
6 participation as documented in the Exclusion Incident. In this case, the prohibited conduct alleged
7 was that Stearns received either financing or payment as an employee or independent contractor
8 for participating in a game without a Bureau-approved TPPPS contract.

9 39. It is undisputed that Stearns and individuals A and B did not have a Bureau-approved
10 TPPPS contract. However, it is unclear whether Stearns was acting as a debtor, employee, or
11 independent contractor in relation to the Exclusion Incident. Stearns testified that he and
12 individuals A and B each contributed \$20,000 to a pool of funds for the purpose of banking
13 games. The pooled funds were deposited into individual A's player's bank and then chips were
14 distributed between the three players. After three hours of playing, Stearns and individuals A and
15 B pooled their remaining chips to be deposited back into individual A's player's bank. After
16 leaving Commerce Casino, the three friends split their profits equally.

17 40. Stearns' testimony that he contributed \$20,000 of his own funds was credible, but
18 without knowing the amounts won and lost by Stearns and individuals A and B, and the full
19 extent of their agreement, the Commission cannot determine whether their relationship(s) might
20 be properly classified as employer/employee, independent contractor/contractor, or lender/debtor,
21 which would constitute prohibited player-dealer participation.

22 41. While Stearns did not establish that he did not engage in prohibited player-dealer
23 participation, he met his burden of satisfying the Commission that he is a person of good
24 character, honesty, and integrity, and does not pose a threat to the effective regulation and control
25 of controlled gambling.

26 42. Stearns' testimony that he did not intend to engage in prohibited conduct on May 18,
27 2021, was credible. Stearns, in his capacity as a gaming associate and TPPPS supervisor, had
28 many times witnessed non-licensed players accept the player-dealer position without exclusion or

1 incident and he was trained to offer the player-dealer-position to unlicensed players throughout
2 the course of the game. Stearns and individuals A and B pooled their funds and winnings in clear
3 view of Commerce Casino’s surveillance cameras, also indicating that they did not believe they
4 were doing anything wrong.

5 43. Further, Stearns had not received any training on prohibited player-dealer
6 participation, which was corroborated by the testimony of Lisa Rodriguez. Ms. Rodriguez further
7 testified that in her opinion, most TPPPS workers in the industry do not understand the regulatory
8 prohibition at issue, and other than in Stearns’ case, she has not had any issues arise concerning
9 prohibited player-dealer participation.

10 44. Also favorable to Stearns is that he disclosed the Exclusion Incident on his
11 Application and to his employer, and provided honest statements concerning the incident to the
12 Bureau and Commission. Stearns’ testimony indicates that he now understands the purpose of the
13 regulation on prohibited player-dealer participation and intends to fully comply with it in the
14 future.

15 45. Stearns’ letters of reference and particularly the testimony of Ms. Rodriguez were
16 convincing that Stearns has good character, honesty, and integrity and does not pose a threat to
17 the effective regulation of controlled gambling. Therefore, the Commission finds that Stearns is
18 suitable for licensure under Business and Professions Code sections 19857(a) and (b).

19 46. All documentary and testimonial evidence submitted by the parties that is not
20 specifically addressed in this Decision and Order was considered but not used by the Commission
21 in making its determination on Stearns’ Application.

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ORDER

1. Matthew Stearns' Application for Third-Party Proposition Player Supervisor is APPROVED.

2. No costs are awarded.

3. Each side to pay its own attorneys' fees.

This Order is effective on August 24, 2023.

Dated: 8/24/2023 Signature: 
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Paula LaBrie, Chair

Dated: 8/24/2023 Signature: 
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Cathleen Galgiani, Commissioner

Dated: 8/24/2023 Signature: 
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Edward Yee, Commissioner

Dated: 8/24/2023 Signature: 
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William Liu, Commissioner