

STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM



IN THE MATTER OF:

Docket No.: 18-003574

Corporations, Securities & Commercial
Licensing Bureau,
Petitioner

Case No.: 333100

v

Agency: Corp. Securities
Commercial
Licensing Bureau

Lank Promotions,
Respondent

Case Type: Formal Complaint

Filing Type: Michigan Unarmed
Combat

Issued and entered
this 17th day of April 2018
by: Thomas A. Halick
Administrative Law Judge

CORRECTED ¹

HEARING REPORT

BACKGROUND

On October 11, 2017, the Corporations, Securities & Commercial Licensing Bureau (CSCLB) issued to and served upon Respondent, Lank Promotions, LLC, Langston A. Hampton, Jr. (owner) a Formal Complaint, No. 333100 under MCL 338.3641(4)(a).

On October 13, 2017, the CSCLB issued a Notice of Opportunity to Show Compliance to Respondent.

Respondent participated in a compliance conference in January of 2018, and which time Respondent elected to proceed to an evidentiary hearing.

¹ The Request for Hearing form filed with MAHS on February 21, 2018, incorrectly stated that the case type was "Sanction, Summary Suspension, Cease and Desist." The caption on the Notice of Hearing issued by MAHS on February 26, 2018, also incorrectly stated the case type. However, counsel for CSCLB stated at the hearing that there was no summary suspension or cease and desist order in this case, but only a Formal Complaint. This Corrected Hearing Report is issued to change the caption to properly reflect the case type as "Formal Complaint" and the filing type as "Michigan Unarmed Combat." There are no other differences between this Corrected Hearing Report and the Hearing Report Issued April 11, 2018.

On February 21, 2018, the Michigan Administrative Hearings System (MAHS) received a request for hearing from CSCLB.

On February 26, 2016, MAHS issued a Notice of Hearing, which was served on all parties of record.

A hearing convened under MCL 24.271 *et seq.* on March 2, 2016. Dustin Kamerman, represented the Corporations, Securities & Commercial Licensing Bureau. The hearing was delayed for 15 minutes, commencing at approximately 9:15 a.m. Respondent did not appear during that time. It was determined that Respondent had been properly served with the Notice of Hearing and the Formal Complaint and had actual notice of this proceeding.

Upon opening of the record, Petitioner moved that the hearing continue in the absence of Respondent, and that a default be entered pursuant to Sections 72 and 78 of the Administrative Procedures Act, together with Rule 134 of the MAHS Administrative Rules. MCL 24.272, MCL 24.278, and R 792.10134. The Motion was granted, and the case proceeded as a default hearing. Petitioner called Linda Douglas, Departmental Analyst, and Marshal Ogan, Inspections and Investigations Manager, as witnesses.

Petitioner introduced the following Exhibits, which were admitted to the record:

1. Request for Event Approval, May 15, 2017.
2. Lank Promotions Bout Agreement, dated June 1, 2017.
3. Statement of Complaint, June 27, 2017, including Bout Agreement, dated May 13, 2017.
4. Letter from Lank Promotions to Marshal Ogan, July 25, 2017.

FINDINGS OF FACT

Respondent, Lank Promotions, LLC, is a limited liability company owned by Langston A. Hampton Jr.

Respondent is licensed as a promoter under the Act (license number 1510013850).

On June 28, 2017, a licensed professional boxer ("CH") filed a statement of complaint against Respondent. [Pet. Exh. 1]. CH alleged, among other things that Respondent never paid him for a fight.

On June 25, 2017, Respondent promoted a professional boxing event at the Ford Community Center, in Dearborn, Michigan.

On or about June 22, 2017, Respondent submitted to the Department a Bout Agreement between Respondent (promoter) and CH (contestant). [Pet. Exh. 2]. The Bout Agreement provided for payment of one dollar (\$1.00) to CH for the participating in the fight.

CH provided the Department another signed Bout Agreement between himself and Respondent, dated May 13, 2017. This Bout Agreement had not previously been submitted to the Department and stated that CH would be paid "\$600 USD, [sic] in Cash for services rendered" and that CH was required "to sell 20 qty of Lank Promotions, LLC Boxing Event Tickets," and that the sale of those 20 tickets, at \$30 apiece "will be the covered pay for" CH's services.

Respondent failed to provide the Department with a copy of all the executed contracts between it, the promoter, and the professionals who participated in the contest.

APPLICABLE LAW

MCL 338.3641 Complaint; investigation; procedures.

Sec. 41.

(1) When it receives a complaint under section 40, the department shall immediately begin an investigation of the allegations of the complaint and shall open a correspondence file. The department shall make a written acknowledgment of the complaint within 15 days after it receives a complaint to the person that made the complaint. If a complaint is made by the department, the director shall designate 1 or more employees of the department to act as the person that made the complaint.

(2) The department shall conduct an investigation required under subsection (1). As part of that investigation, the department may request that the attorney general petition a court of competent jurisdiction to issue a subpoena requiring a person to appear before the department and be examined with reference to a matter within the scope of the investigation and to produce books, papers, or documents pertaining to the investigation.

(3) After conducting an investigation under subsection (1), if the department does not find that a violation of this act or a rule promulgated, or an order issued under this act occurred, the department shall close the complaint. The department shall notify the complainant and respondent of its reasons for closing the complaint, and the complainant or respondent may then provide additional information to reopen the complaint.

(4) If the department investigation under subsection (1) reveals evidence of a violation of this act or a rule promulgated, or an order issued under this act, the department or the department of attorney general shall prepare the appropriate action against the respondent, which may be any of the following:

(a) A formal complaint.

(b) A cease and desist order.

(c) A notice of summary suspension, subject to sections 42 and 48(5).

(5) At any time during its investigation or after a formal complaint is issued, the department may bring together the complainant and the respondent for an informal conference. At the informal conference, the department shall attempt to resolve issues raised in the complaint and may attempt to aid the parties in reaching a settlement.

MCL 338.3633(9)

Within 1 business day before a contest or event, the promoter shall deliver to the department a copy of all of the executed contracts between the promoter and the professionals who are participating in that contest or event. The copies of the contracts are exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, except that the department may disclose statistical information on the number, types, and amounts of contracts if information regarding identifiable individuals or categories is not revealed.

R 339.261 Filing of documents by promoter; publicizing events; contract requirements; promoter responsible for paying insurance deductible.

Rule 261. (1) A matchmaker shall be responsible for verifying the identity, ring record, eligibility, and suspensions of each contestant. A promoter shall be responsible for the accuracy of the names and records of each of the participating contestants in all publicity or promotional material.

(2) A contestant shall use his or her legal name to sign a contract; however, a contestant who is licensed under another name may sign the contract using his or her licensed name if the contestant's legal name appears in the body of the contract as the name under which the contestant is otherwise known.

(3) All contracts shall be between a promoter and a contestant. There shall not be a contract between the promoter and a manager. However, a contract may be signed by a contestant's manager on behalf of the contestant. If a contestant does not have a manager, then the contestant shall sign the contract.

(4) The contract that is filed with the department shall embody all of the agreements between the parties. Secret contracts that contradict the terms of the contracts that are filed with the department are prohibited.

(5) The contract between a promoter and a contestant shall be for the use of the contestant's skills in a contest and shall not require the contestant to sell tickets in order to be paid for his or her services.

History: 2005 AACS; 2009 AACS; 2016 AACS

MCL 338.3647 Action against license; rules; seat provided to commission member.

(1) The department shall initiate an action under this chapter against an applicant or take any other allowable action against the license of any contestant, promoter, or participant if the department determines that the applicant or licensee does any of the following:

(a) Engages in fraud, deceit, or dishonesty in obtaining a license.

(b) Engages in fraud, deceit, or dishonesty in performing the duties of a promoter, if applicable, or otherwise practicing that person's licensed occupation.

(u) Violates any other provision of this act or a rule promulgated under this act for which a penalty or remedy is not otherwise prescribed.

CONCLUSIONS OF LAW

The Bureau bears the burden of proving, by a preponderance of evidence, that the Licensee violated the Code, as alleged in the Formal Complaint. A 'preponderance of evidence' has been defined by Michigan courts as follows: "proof by a preponderance of the evidence requires that the fact finder believe that the evidence supporting the existence of the contested fact outweighs the evidence supporting its nonexistence." *Blue Cross and Blue Shield of Michigan v Milliken*, 422 Mich 1; 367 NW2d 1 (1985). A "preponderance of evidence" is best described as that evidence having the greatest weight.

As the motion for default against Licensee was granted, the factual and legal allegations in the Complaint, are taken as true and proven. Under Section 72 of the APA, there is no requirement to provide a full evidentiary hearing when all alleged facts are taken as

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true. *Smith v Lansing School Dist*, 428 Mich 248; 406 NW2d 825 (1987); see also MCL 24.272 and MCL 24.278.

Respondent did not appear for the hearing held on April 9, 2018, after being served with notice of the hearing. Accordingly, the allegations in the Formal Complaint, which are supported by the documentary evidence and sworn testimony, are uncontested and taken as true.

This case arises from a complaint filed by a professional boxer, CH, against Respondent, relating to a boxing contest that took place on June 25, 2017. Respondent entered two Bout Agreements with CH for the contest.

Respondent failed to deliver to the department a copy of all of the executed contracts between the promoter and the professionals who are participating in the event, at least one business day before the event, in violation of MCL 338.3633(9).

Respondent entered a contract dated May 13, 2017, with CH and did not submit the contract with the Department, but rather CH submitted it with his complaint. [Pet. Exh. 3, pages 3 and 4]. This contract unlawfully required the CH to sell tickets as a condition of receiving payment for the contestant's services. This contract required CH to sell \$600.00 worth of tickets as a condition of receiving payment of \$600.00 for the fight. This conduct is contrary to R 339.261(4) and (5).

As asserted by Petitioner's counsel at the hearing, R 339.261(4) exists to create a delineation between the duties of the promoter and the professional boxer, who is not to be compelled to act as a ticket salesperson. This policy promotes the boxer's safety by allowing him or her to focus on training and preparation for the bout, rather than promoting the event. This rule protects the integrity of the sport, and the boxers themselves. By law, professional boxers must be hired for their "skill in a contest" not for their ability to sell tickets.

Also, Respondent entered a contract with CH dated June 21, 2017, and submitted that contract to the department. [Pet. Exh. 2]. In the June 21, 2017 contract, CH agreed to receive \$1.00 for the fight, but the contract does not impose a duty upon CH to sell tickets. [Pet. Exh. 2].

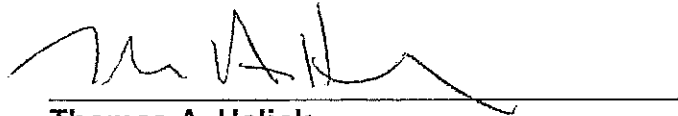
The conduct set forth in the Findings of Fact constitutes "fraud, deceit, or dishonesty in performing the duties of a promoter" contrary to MCL 338.3647(1)(b).

Respondent's conduct violated a provision of the Act or rule promulgated under the Act for which a penalty or remedy is not otherwise prescribed, contrary to MCL 338.3647(1)(u).

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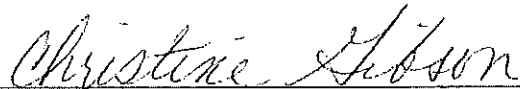
Respondent is subject to a penalty, as defined in MCL 333.3648, MCL 338.3649, and MCL 338.3649a, to be determined by the commission or the director. See MCL 338.3645(4) and (5).

A handwritten signature in black ink, appearing to read 'Thomas A. Halick', is written over a solid horizontal line.

Thomas A. Halick
Administrative Law Judge

PROOF OF SERVICE

I hereby state, to the best of my knowledge, information and belief, that a copy of the foregoing document was served upon all parties and/or attorneys of record in this matter by Inter-Departmental mail to those parties employed by the State of Michigan and by UPS/Next Day Air, facsimile, and/or by mailing same to them via first class mail and/or certified mail, return receipt requested, at their respective addresses as disclosed below this 17th day of April 2018.



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