

1 **N.B.: This draft proposed 15-day change document is based on the**  
2 **text of the regulation as originally proposed, which was dated May**  
3 **26, 2004. Pursuant to the Administrative Procedure Act, changes to**  
4 **the text as originally proposed are shown in double strikeout/double**  
5 **underline style.**

6 **This draft will be considered at the Commission meeting of August**  
7 **24, 2004. After policy issues are resolved and corrections made, a**  
8 **revised version of this document will be distributed to the public for**  
9 **a 15-day comment period pursuant to the Administrative Procedure**  
10 **Act.**

11 **\*\*\*\*\***

12 **Title 4, California Code of Regulations, Division 18**

13 **Chapter 2.1. Third-Party Providers of Proposition Player**  
14 **Services: Interim Registration; Licensing**

15 **Article 1. Definitions and General Provisions**

16 **Article 2. Interim Registration**

17 **Article 3. Licensing**

18 **Chapter 2.2 Gambling Businesses: Registration**

1 **Article 1. Definitions and General Provisions**

2 **Article 2. Registration**

3 **Article 3. Licensing**

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5 **Chapter 2.1. Third-Party Providers of Proposition Player**  
6 **Services: ~~Interim~~ Registration; Licensing**

7 **Article 1. Definitions and General Provisions**

8

9 Section 12200 Definitions

10

11 Section 12200.1 Certificate

12

13 Section 12200.3. Badge

14

15 Section 12200.5 Replacement Badge

16

17 **Section 12200.6 Transfer of Player Registration or License**

18

19 Section 12200.7 Proposition Player Contract Criteria

20

21 Section 12200.9 Review and Approval of Proposition Player  
22 Contracts

1 Section 12200.10A Expedited Review and Approval of Proposition

2 Player Contracts

3 Section 12200.10B Review and Approval of Amendments to

4 Proposition Player Contracts

5 Section 12200.10C Supersession of Contract Provisions

6

7 Section 12200.11 Proposition Player Contract Extensions

8

9 Section 12200.13 Playing Books

10

11 Section 12200.15 Transfers and Sales

12

13 Section 12200.16 Inspections

14

15 Section 12200.17 Emergency Orders

16

17 Section 12200.18 Revocation

18 Section 12200.19 Special Authorizations and Limitations

19

20 Section 12200.20 Non-refundable Annual Fee

21

22 Article 2. ~~Interim~~ Registration

23

|    |                        |   |
|----|------------------------|---|
| 1  | Section 12200.25       | Transition to Licensing                             |
| 2  | Section 12201          | Registration  |
| 3  | Section 12202          | Application for Registration                        |
| 4  | Section 12203          | Processing of Applications for Initial Registration |
| 5  | Section 12203.1        | Temporary <u>Player</u> Registration                |
| 6  | <u>Section 12203.2</u> | <u>Processing Times for Temporary Player</u>        |
| 7  |                        | <u>Registration</u>                                 |
| 8  | Section 12204          | Ineligibility for Registration                      |
| 9  | Section 12205          | Cancellation of Registration                        |
| 10 | Section 12206          | Badge [To be repealed]                              |
| 11 | Section 12207          | Proposition Player Contract Criteria                |
| 12 |                        | [To be repealed]                                    |
| 13 | Section 12208          | Review and Approval of Proposition Player           |
| 14 |                        | Contracts [To be repealed]                          |
| 15 | Section 12209          | Playing Books [To be repealed]                      |
| 16 | Section 12210          | Transfers and Sales [To be repealed]                |
| 17 | Section 12211          | Inspections [To be repealed]                        |
| 18 | Section 12212          | Compliance  |
| 19 | Section 12213          | Revocation  |
| 20 | Section 12214          | Emergency Orders                                    |

1 **Article 3. Licensing**

2 Section 12218. Application for Initial Licensing

3 Section 12218.15 Compliance

4 Section 12218.17 Background Investigation Deposit

5 Section 12218.19 Term of License

6 **Article 1. Definitions and General Provisions**

7

8 **Section 12200. Definitions**

9 (a) Except as otherwise provided in subsection (b), the definitions in Business  
10 and Professions Code section 19805 shall govern the construction of this  
11 chapter.

12 (b) As used in this chapter:

13 (1) “Applicant” means the applicant for registration or licensing under  
14 this chapter, including in the case of an owner that is a corporation,  
15 partnership, or any other business entity, all persons whose  
16 registrations or licenses are required to be endorsed upon the primary  
17 owner’s registration or license certificate.

18 (2) “Authorized player” means an individual associated with a particular  
19 primary owner whose badge authorizes play in a controlled game on  
20 behalf of the primary owner, including the primary owner, all other

1 owners, all supervisors, and all players. “Authorized player” does not  
2 include funding sources or owners who have been issued a non-  
3 playing badge. Only authorized players may perform the functions of  
4 a supervisor or player.

5 ~~(2)~~(3) “Badge” means a form of identification issued by the Commission  
6 identifying a registrant or licensee. A badge authorizing play in a  
7 controlled game shall be of a distinctly different color than a badge,  
8 which identifies a registrant or licensee, but does not authorize play.

9 ~~(3)~~(4) “Bureau” means the Bureau of Criminal Identification and  
10 Information of the California Department of Justice.

11 ~~(4)~~ (5) “Commission” means the California Gambling Control  
12 Commission.

13 ~~(5)~~ (6) “Deadly weapon” means any weapon, the possession or concealed  
14 carrying of which is prohibited by Penal Code section 12020.

15 ~~(6)~~ (7) “Division” means the Division of Gambling Control in the California  
16 Department of Justice. Documents required by this chapter to be sent  
17 (or information required to be furnished) to the Division shall be sent  
18 to the Sacramento office of the Division.

19 ~~(7)~~ (8) “Executive Director” means the Executive Director of the  
20 Commission or such other person as may be designated by the  
21 Commission.  
22

1           ~~(8)~~ (9) "Funding source" means any person that provides financing,  
2           including but not limited to loans, advances, any other form of credit,  
3           chips, or any other representation or thing of value, to an owner-  
4           registrant or owner-licensee, other than individual registrants under  
5           Subsection (d) of Section 12201 or licensees. "Funding source" does  
6           not include any federally or state chartered lending institution or any  
7           of the following entities that in the aggregate owns at least one  
8           hundred million dollars (\$100,000,000) of securities of issuers that are  
9           not affiliated with the entity:

10  
11           (A) Any federally-regulated or state-regulated bank or savings  
12           association or other federally- or state-regulated lending  
13           institution.

14  
15           (B) Any company that is organized as an insurance company, the  
16           primary and predominant business activity of which is the  
17           writing of insurance or the reinsuring of risks underwritten by  
18           insurance companies, and that is subject to supervision by the  
19           Insurance Commissioner of California, or a similar official or  
20           agency of another state.

21  
22           (C) Any investment company registered under the federal  
23           Investment Company Act of 1940 (15 U.S.C. sec. 80a-1 et  
24           seq.).

25  
26           (D) Any retirement plan established and maintained by the United

1 States, an agency or instrumentality thereof, or by a state, its  
2 political subdivisions, or any agency or instrumentality of a  
3 state or its political subdivisions, for the benefit of its  
4 employees.

5  
6 (E) Any employee benefit plan within the meaning of Title I of the  
7 federal Employee Retirement Income Security Act of 1974 (29  
8 U.S.C. sec. 1001 et seq.).

9  
10 (F) Any securities dealer registered pursuant to the federal  
11 Securities Exchange Act of 1934 (15 U.S.C. sec. 78a et seq.).

12  
13 (G) Any entity, all of the equity owners of which individually meet  
14 the criteria of this paragraph ~~(8)~~ (9).

15  
16 ~~(9)~~ (10) “Gambling Control Act” or “Act” means Chapter 5 (commencing  
17 with Section 19800) of Division 8 of the Business and Professions  
18 Code.

19  
20 (11) ~~(A)~~ “License” means a license issued by the Commission  
21 pursuant to article 3 of this chapter.

22 (A) There are four license categories entitling the holder to  
23 provide third-party proposition player services:

24 (i) primary owner, if issued a playing badge,

25 (ii) owner, if issued a playing badge,

26 (iii) supervisor, and

1                   (iv) player.

2                   (B) All other employees of the primary owner who are  
3                   present in the gambling establishment during the  
4                   provision of proposition player services under the  
5                   primary owner’s proposition player contract shall be  
6                   licensed as “other employee” and shall be required to  
7                   submit an application and be approved or denied based  
8                   upon the same criteria that apply to a player.

9  
10                  (12) “Licensee” means a person having a valid license.

11  
12                  (13) "Organization chart" means a chart that identifies the names  
13                  and titles of all owners, as defined in section 12200(b)(15),  
14                  supervisors, and any persons having significant influence over  
15                  the operation of the entity or provision of proposition player  
16                  services; the percentage of ownership, if any, held by each  
17                  identified individual or entity; and the reporting relationship for  
18                  each identified individual or entity.

19  
20                  ~~(13)~~(14) “Other employee” does not include officers of a primary owner  
21                  that is a corporation.

22                  (10) ~~(14)~~(15)                   “Owner” includes all of the following:

23                               (A) A sole proprietor, corporation, partnership, or other  
24                               business entity that provides or proposes to provide third

1 party proposition player services as an independent  
2 contractor in a gambling establishment,

3 (B) Any individual specified in Business and Professions  
4 Code section 19852, subdivisions (a) through (h), and

5 (C) Any funding source.

6 ~~(11)~~ ~~(15)~~ (16) “Playing Book” means a record documenting each  
7 session of play by a third-party proposition player.

8 ~~(12)~~ (16) ~~(17)~~ “Primary Owner” means the owner specified in  
9 subparagraph (A) of paragraph ~~(10)~~ ~~(14)~~ (15) of this subsection.

10 ~~(13)~~ ~~(17)~~ (18) “Proposition player” or “player” means an individual  
11 other than an owner or a supervisor who provides third-party  
12 proposition player services in a controlled game.

13 ~~(14)~~ ~~(18)~~ (19) “Proposition player contract” or “contract” means a  
14 written contract, the terms of which have been reviewed and approved  
15 by the Division, between the holder of a state gambling license and a  
16 primary owner for the provision of third-party proposition player  
17 services in the gambling establishment.

18 ~~(19)~~ (20) “Rebate” means a partial return by an authorized proposition  
19 player of chips or money to a patron who has lost the chips or money  
20 to the authorized player through play in a controlled game at a  
21 gambling establishment.

22 ~~(15)~~ ~~(20)~~ (21) “Registrant” means a person having a valid registration.

1           ~~(16)~~ ~~(21)~~(22)           “Registration” means a registration issued by the  
2           Commission pursuant to this chapter. There are four registration  
3           categories entitling the holder to provide third-party proposition  
4           player services: primary owner, owner, supervisor, and player. All  
5           other employees of the primary owner who are present in the  
6           gambling establishment during the provision of proposition player  
7           services under the primary owner’s proposition player contract shall  
8           be registered as “other employee.” ~~The holder of an owner’s~~  
9           ~~registration~~ A primary owner issued a playing badge and an owner  
10           issued a playing badge may also perform the functions of a supervisor  
11           or player, and the holder of a supervisor’s registration may also  
12           perform the functions of a player. No registrant, other than an owner  
13           issued a playing badge, supervisor, or player, may possess, direct, or  
14           otherwise control currency, chips, or other wagering instruments used  
15           for play in the performance of a proposition player contract. An  
16           individual registered as an “other employee” may not function as a  
17           player unless and until that individual applies for and obtains  
18           registration as a player.

19           ~~(17)~~ ~~(22)~~(23)           “Session of play” as used in Section 12200.13 (“Playing  
20           Books”) means a continuous workshift of third-party proposition  
21           player services provided by an individual proposition player.

22           ~~(18)~~ ~~(23)~~(24)           “Supervisor” means an individual who, in addition to any  
23           supervisory responsibilities, has authority, on behalf of the primary  
24           owner, to direct or provide currency, chips, or other wagering

1 instruments to players engaged in the provision of third-party  
2 proposition player services in a gambling establishment.

3 ~~(24)~~(25) “Supplemental application package” means a license application  
4 form as prescribed by the Commission and all of the documentation  
5 and deposits required to be submitted to the Division in response to a  
6 summons issued pursuant to Section 12200.25.

7 ~~(19)~~ ~~(25)~~(26) "Third-party proposition player services" or "proposition  
8 player services" means services provided in and to the house under  
9 any written, oral, or implied agreement with the house, which services  
10 include play as a participant in any controlled game that has a rotating  
11 player-dealer position as permitted by Penal Code section 330.11.  
12 "Proposition player services" also includes the services of any  
13 supervisors, as specified in paragraph ~~(18)~~ ~~(22)~~ (24) of this subsection.

14 ~~(26)~~(27) “TPP” means “third party proposition.” This abbreviation is  
15 used in Section 12200.3 and in prescribing titles used on registrant  
16 and licensee badges, for example, “TPP Player Registrant.”

17 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

18 **Reference:** Sections 19805 and 19984, Business and Professions Code

19  
20 **Section 12200.1. Certificate**

21 (a) The Commission shall issue a registration or license certificate, as  
22 applicable, to each primary owner.

1 (b) The Commission shall endorse upon each certificate the names of all other  
2 owners affiliated with the primary owner.

3 **Authority: Sections 19840, 19841, and 19984, Business and Professions Code**

4 **Reference: Section 19984, Business and Professions Code**

5 THE DECISION HAS BEEN MADE TO CHARGE A \$25 FEE FOR ISSUANCE  
6 OF A REPLACEMENT BADGE.

7 DECISIONS NEED TO BE MADE CONCERNING THE FEES CHARGED FOR  
8 ISSUANCE OF TRANSFER BADGES AND ADDITIONAL BADGES.

9 **THREE ALTERNATIVES ARE UNDER CONSIDERATION FOR THE**  
10 **LEVEL OF THE FEES FOR (1) TRANSFER BADGES AND (2)**  
11 **ADDITIONAL BADGES.**

12  
13 • **ALTERNATIVE ONE IS A \$25.00 FEE FOR (1) A TRANSFER OR (2)**  
14 **AN ADDITIONAL BADGE.**

15 •

16 • **ALTERNATIVE TWO IS A \$25.00 FEE FOR A TRANSFER BADGE**  
17 **AND A \$500.00 FEE FOR AN ADDITIONAL BADGE.**

18 •

19 • **ALTERNATIVE THREE IS A \$250 FEE FOR A TRANSFER BADGE**  
20 **AND A \$500 FEE FOR AN ADDITIONAL BADGE.**

21 PENDING THESE DECISIONS, THE TEXT OF SECTION 12200.3 AS  
22 ORIGINALLY PROPOSED IS SHOWN IMMEDIATELY BELOW.

23 BEGINNING ON PAGE 17, FOR YOUR INFORMATION, IS THE TEXT OF

1 THE EMERGENCY REGULATIONS CURRENTLY IN EFFECT ON THE  
2 TOPICS OF FEES FOR REPLACEMENT, TRANSFER, AND ADDITIONAL  
3 BADGES.

4  
5 **Section 12200.3. Badge—Initial, Transfer, or Additional**

6 (a) All individuals licensed or registered as primary owners, owners,  
7 supervisors, players, or other employees of the primary owner shall wear in  
8 a prominently visible location a numbered badge issued by the Commission  
9 when present in a gambling establishment during the provision of  
10 proposition player services under the proposition player contract that covers  
11 the licensee or registrant. If an individual ceases to be employed by or  
12 affiliated with a particular primary owner, that individual shall surrender his  
13 or her badge to the primary owner. The primary owner shall notify the  
14 Commission and the Division in writing within 10 days of the change in  
15 status using the prescribed CGCC Form. Any primary owner receiving a  
16 badge from an individual formerly employed by or affiliated with the  
17 primary owner shall return the badge to the Commission within 10 days of  
18 receiving the badge from the holder.

19 (b) The words “TPP PLAYER REGISTRANT,” “NON-PLAYER TPP  
20 REGISTRANT,” “TPP PLAYER LICENSEE,” OR NON-PLAYER TPP  
21 PLAYER LICENSEE” in capital letters shall be prominently displayed on  
22 the front of the badge. The first name of the registrant or licensee shall  
23 appear on the front of the badge. The full name of the registrant or licensee  
24 shall be printed on the reverse side of the badge, together with the

1 registrant's or licensee's category of registration or licensing as an owner,  
2 supervisor, player, or other employee.

3 (c) On the badge, there shall be displayed the picture of the registrant or  
4 licensee submitted with the application, the badge number, and expiration  
5 date. On the badge there shall be displayed the name of the primary owner  
6 employing the registrant or licensee, which shall be the fictitious business  
7 name if properly established pursuant to Chapter 5 (commencing with  
8 Section 17900) of Part 3 of Division 7 of the Business and Professions Code.

9 (d) Authorized players shall be issued a badge of one color; individuals not  
10 authorized to play shall be issued a badge of a distinctly different color.

11 (e) An individual registered as a player with a particular primary owner shall  
12 apply for and obtain a new badge pursuant to section 12200.5 before  
13 beginning to work for an additional or a different primary owner.

14 (f) Registration, licenses, and badges are specific to the primary owner. TPPP  
15 services cannot be provided without first applying for and obtaining a  
16 registration, license, or badge. \*\*\*COMMENT: this subsection has the  
17 effect of requiring a \$500 fee for an additional badge.\*\*\*

18 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

19 **Reference:** Section 19984, Business and Professions Code

20  
21 **Section 12200.5 Replacement or Transfer of Badge; Additional**  
22 **Badge**

1 (a) Upon application, the Executive Director or other person designated by the  
2 Commission shall issue a new, replacement or additional badge if all of the  
3 following conditions are met:

4 (1) The applicant has a currently valid registration or license.

5 (2) The application has been submitted on a completed  
6 application form.

7 (3) The applicant has supplied all of the following to the  
8 Commission:

9 (A) A two by two inch color passport-style photograph taken  
10 no more than 30 days before submission to the  
11 Commission of the badge replacement request.

12 ALTERNATIVE ONE:

13 (B) A nonrefundable \$25.00 fee payable to the Commission for  
14 replacement.

16 ALTERNATIVE TWO:

17 (B) A nonrefundable \$500 fee payable to the Commission for  
18 additional badges or a nonrefundable \$25.00 fee payable to the  
19 Commission for replacement and transfer badges, as applicable.

21 (C) Information concerning the primary owner for which the new,  
22 replacement, or additional badge is requested: the name of the  
23 primary owner, mailing address, voice telephone number,  
24 facsimile number (if any), email address (if any), the category  
25 of the position.

1 (b) A new, replacement, or transfer badge issued pursuant to this section shall  
2 be valid during the unexpired term of the previously issued registration or  
3 license.

4 (c) Upon issuance of the replacement or transfer badge, the previously  
5 issued badge for that third-party proposition services provider shall become  
6 void and shall not be used. If the new badge is to permit employment by an  
7 additional primary owner, the badge first issued shall be retained by the  
8 player and shall remain valid.

9 (d) New, replacement, or transfer badges shall be issued by the Commission  
10 within seven days of receipt of a complete application.

11  
12 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

13 **Reference:** Section 19984, Business and Professions Code

14 .....

15 THE FOLLOWING THREE SECTIONS DEMONSTRATE THE APPROACH  
16 TAKEN IN THE EMERGENCY REGULATION OF JULY 6, 2004: sections  
17 12200.3 (Badge), 12200.5 (Replacement of Badge), and 12200.6 (Transfer of  
18 Player Registration or License).

19

20 **Section 12200.3      Badge**

21 (a) All individuals registered or licensed as primary owners, owners,  
22 supervisors, players, or other employees of the primary owner shall wear in  
23 a prominently visible location a numbered badge issued by the Commission  
24 when present in a gambling establishment during the provision of

1 proposition player services under the proposition player contract that covers  
2 the registrant or licensee. If an individual ceases to be employed by or  
3 affiliated with a particular primary owner, that individual shall surrender his  
4 or her badge to the primary owner. The primary owner shall notify the  
5 Commission and the Division in writing within 10 days of the change in  
6 status using the Change in Status Form for a Third Party Proposition Player  
7 Services Registration (CGCC-441, New 6/04), which is hereby incorporated  
8 by reference. Any primary owner receiving a badge from an individual  
9 formerly employed by or affiliated with the primary owner shall return the  
10 badge to the Commission within 10 days of receiving the badge from the  
11 holder.

12 (b) The words “TPP PLAYER REGISTRANT,” “NON-PLAYER TPP  
13 REGISTRANT,” “TPP PLAYER LICENSEE,” OR “NON-PLAYER TPP  
14 PLAYER LICENSEE” in capital letters shall be prominently displayed on  
15 the front of the badge. The first name of the registrant or licensee shall  
16 appear on the front of the badge. The full name of the registrant or licensee  
17 shall be printed on the reverse side of the badge, together with the  
18 registrant’s or licensee’s category of registration or licensing as an owner,  
19 supervisor, player, or other employee.

20 (c) On the badge, there shall be displayed the picture of the registrant or  
21 licensee submitted with the application, the badge number, and expiration  
22 date. On the badge there shall be displayed the name of the primary owner  
23 employing the registrant or licensee, which shall be the fictitious business  
24 name, if any, established pursuant to Chapter 5 (commencing with Section  
25 17900) of Part 3 of Division 7 of the Business and Professions Code.

1 (d) Upon renewal of each registration and upon issuance of each registration or  
2 license, authorized players shall be issued a badge of one color; individuals  
3 not authorized to play shall be issued a badge of a distinctly different color.

4 (e) An individual registered as a player with a particular primary owner shall  
5 apply for and obtain a new badge before beginning to work for an additional  
6 primary owner.

7 (f) Registrations, licenses, and badges are specific to the primary owner. Third  
8 party proposition player services cannot be provided without first applying  
9 for and obtaining a registration, license, or badge.

10 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

11 **Reference:** Section 19984, Business and Professions Code

12 **Section 12200.5 Replacement of Badge**

13  
14 (a) Upon application, the Executive Director or other person designated by the  
15 Commission shall issue a replacement badge if all of the following  
16 conditions are met:

17 (1) The applicant has a current valid registration or license.

18 (2) The application is complete and has been submitted on the form  
19 Request for Replacement Third Party Proposition Player Services  
20 Badge (CGCC-438, New 06/04), which is hereby incorporated by  
21 reference.

22 (3) The applicant has supplied all of the following to the  
23 Commission:

24 (A) A two by two inch color passport-style photograph taken

1 no more than 30 days before submission to the  
2 Commission of the badge replacement or transfer request.

3 (B) A nonrefundable \$25.00 fee payable to the Commission.

4 (C) The category of the position and information concerning the  
5 primary owner for which the replacement badge is requested:  
6 the name of the primary owner, mailing address, voice  
7 telephone number, facsimile number (if any), and email address  
8 (if any).

9 (D) A statement under penalty of perjury that a replacement badge  
10 is needed due to loss or destruction of the originally issued  
11 badge.

12 (b) A replacement badge issued pursuant to this section shall be valid during the  
13 unexpired term of the previously issued registration or license.

14 (c) Upon issuance of the replacement badge, the previously  
15 issued badge for that third-party proposition services provider shall become  
16 void and shall not be used.

17 (d) Replacement badges shall be issued by the Commission within seven days of  
18 receipt of a complete application.

19 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

20 **Reference:** Section 19984, Business and Professions Code

21  
22  
23 **Section 12200.6 Transfer of Player Registration or License<sup>1</sup>**  
24

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<sup>1</sup> Section 12200.6 would implement alternative three.

1 (a) Upon application, the Executive Director or other person designated by the  
2 Commission shall issue a player transfer badge if all of the following  
3 conditions are met:

4 (1) The applicant has a currently valid registration or license.

5 (2) The application is complete and has been submitted on the form  
6 Request for Transfer of Third Party Proposition Player Services  
7 Registration/License (CGCC-439, New 06/04), which is hereby  
8 incorporated by reference.

9 (3) The applicant has supplied all of the following to the  
10 Commission:

11 (A) A two by two inch color passport-style photograph taken  
12 no more than 30 days before submission to the  
13 Commission of the badge transfer request.

14 (B) A nonrefundable \$250.00 fee payable to the Commission.

15 (C) The names of the current and future primary owner, mailing  
16 address, voice telephone number, facsimile number (if any),  
17 and email address (if any).

18  
19 (b) A transfer badge issued pursuant to this section shall be valid during the  
20 unexpired term of the previously issued registration or license.

21 (c) Upon issuance of the transfer badge, the previously  
22 issued badge for that third-party proposition services provider shall become  
23 void and shall not be used.

24 (d) Transfer badges shall be issued by the Commission within seven days of  
25 receipt of a complete application.

26 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

1 **Reference: Section 19984, Business and Professions Code**

2

3 THIS CONCLUDES THE MATERIAL FROM THE EMERGENCY  
4 REGULATION ON THE SUBJECT OF BADGES AND FEES.

5 \*\*\*\*\*

6 **Section 12200.7 Proposition Player Contract Criteria**

7 (a) All proposition player contracts shall be subject to, and superseded by, any  
8 changes in the requirements of regulations adopted under Business and  
9 Professions Code section 19984 that conflict with or supplement provisions  
10 of the proposition player contract.

11 (b) Each proposition player contract shall specifically require all of the  
12 following to be separately set forth at the beginning of the contract in the  
13 following order:

14 (1) The names of the parties to the contract.

15 (2) The effective dates of the contract.

16 (3) The specific name of the Division-approved gaming activities for  
17 which proposition player services will be provided.

18 (4) The maximum and minimum number of gaming tables available to the  
19 proposition player provider service.

1       (5) That no more than one owner, supervisor, or player from each  
2             provider of proposition player service shall simultaneously play at a  
3             table.

4       (6) The hours of operation that proposition player services will be  
5             provided.

6       (7) A detailed description of the location, applicable security measures,  
7             and purpose of any currency, chips, or other wagering instruments that  
8             will be stored, maintained, or kept within the gambling establishment  
9             by or on behalf of the primary owner.

10       (8) That proposition player services shall be provided in the gambling  
11            establishment only in compliance with laws and regulations pertaining  
12            to controlled gambling.

13       (9) That proposition player services may be provided only by authorized  
14            players with current registration or licensing under this chapter.

15       (10) That the primary owner shall provide the gambling establishment with  
16            a copy of its registration or license certificate, and that the gambling  
17            establishment shall maintain the certificate on file, together with a  
18            copy of the proposition player contract applying to that establishment.

19       (11) That a registrant or licensee may not provide proposition player  
20            services in a gambling establishment for which the registrant holds a  
21            state gambling license, key employee license, or work permit.

1       (12) That collection fees charged by the house for participation in any  
2               controlled game shall be the same as those charged to other  
3               participants during the play of the game.

4       (13) The form to be used for the playing book record and the initial  
5               number that will be used for the sequentially numbered forms.

6       (14) Any agreement between the primary owner and the house for owners  
7               or supervisors to inspect or receive a copy of surveillance recordings  
8               of tables at which proposition player services are provided under the  
9               contract during the times the services are provided, as necessary for  
10              business purposes.

11       (15) A full disclosure of any financial arrangements entered into during the  
12              term of the contract for any purpose between the house and any  
13              registrant or licensee covered by the proposition player contract. If  
14              there is no financial consideration that passes under the contract, a  
15              statement to that effect shall be included.

16       (16) That any legal dispute between the primary owner and the house,  
17              including any exclusion of a registered owner, player, or supervisor  
18              covered by the contract from the house shall be reported within 10  
19              days by the primary owner and the house to both the Commission and  
20              the Division.

21       (17) That the primary owner and the house shall report within 10 days to  
22              both the Commission and the Division the identity of any registrant  
23              whose activities are covered by the proposition player contract and  
24              who is arrested in the gambling establishment by a peace officer, who

1 is removed from the gambling establishment by a peace officer or the  
2 house, or who is involved in a patron dispute regarding his or her  
3 activities in the gambling establishment that is the subject of a report  
4 to a peace officer and that results in removal of one or more  
5 individuals.

6 (18) That any cheating reported to the house by a registrant or licensee  
7 shall be reported within 5 days by the primary owner and the house to  
8 the Commission and Division.

9 (19) That the criteria for granting any rebates by proposition players to  
10 patrons be spelled out in the contract; and that neither the house nor  
11 any employee of the house shall have any role in rebates. If there are  
12 no criteria for granting rebates, a statement to that effect shall be  
13 included.

14 (20) That any tipping arrangements shall be specified in the contract; that  
15 percentage tips shall not be given; and that tips shall not be given to  
16 employees of the house having either decision-making authority over  
17 the outcome of the game or supervisory responsibilities. If there are  
18 no tipping arrangements, statement to that effect shall be included.

19 (21) That the primary owner may reimburse the house in specified amounts  
20 for equipment such as surveillance cameras and monitors, or cards,  
21 shuffling machines, and dice. Neither the primary owner nor its  
22 employees shall purchase, lease, or control such equipment. If there is  
23 no arrangement to reimburse the house for equipment, a statement to  
24 that effect shall be included.

1 (c) (1) Except as expressly authorized by this subsection (c), a proposition  
2 player contract shall not include any provision authorizing payment to or  
3 receipt by the house, or a designee thereof, of any share of the profits or  
4 revenues of a registrant or a licensee. Any payments made by a registrant or  
5 licensee to the house for a purpose determined by agreement with the house  
6 shall be specifically authorized by the proposition player contract. All  
7 payments shall be specified in the contract. The contract shall identify ~~each~~  
8 ~~specific service or facility provided under the contract and shall specify the~~  
9 total charge for each of the following ~~category~~ categories: ~~such as~~ services,  
10 facilities, and advertising. In addition, the contract shall include a detailed  
11 list, excluding specific costs, of the items provided or received in each of  
12 these categories.

13 (2) In no event may a proposition player contract provide for any  
14 payment based on a percentage or fraction of the registrant's gross  
15 profits or wagers made or the number of players. All payments shall  
16 be fixed and shall only be made for services and facilities requested  
17 by, and provided to, the registrant or licensee, and for a reasonable  
18 share of the cost of advertising with respect to gaming at the gambling  
19 establishment in which the registered owner participates.

20 (3) No contract provision shall authorize any payments for services or  
21 facilities that are substantially disproportionate to the value of the  
22 services or facilities provided. No contract shall include any charge,  
23 direct or indirect, for the value of an exclusive right to conduct  
24 proposition play within all or a portion of the gambling establishment.  
25 No payment other than the collection fee for play, shall be required

1           for play at any table, including, without limitation, reservation of a  
2           seat.

3 (d) The proposition player contract shall not contain any provision that limits  
4 contact with officials or employees of the Commission or Division. The  
5 proposition player contract shall prohibit an owner or the house from  
6 retaliating against any registrant or licensee on account of contact with an  
7 official or employee of the Commission or Division or any other public  
8 official or agency.

9 (e) A proposition player contract shall be consistent with the provisions of  
10 Business and Professions Code section 19984, subdivision (a), prohibiting a  
11 gambling establishment or the house from having any interest, whether  
12 direct or indirect, in funds wagered, lost, or won. No proposition player  
13 contract shall be approved that would permit the house to bank any game in  
14 the gambling establishment, for example, no contract provision shall require  
15 a registrant or licensee to pay for prizes awarded as a result of promotions.

16 (f) Each proposition player contract approved by the Division shall contain a  
17 provision authorizing the Commission, after receiving the findings and  
18 recommendation of the Division, to terminate the contract for any material  
19 violation of any term required by this section.

20 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

21 **Reference:** Section 19984, Business and Professions Code



1 collusive arrangement between any party to the contract and the  
2 holder of a state gambling license, or otherwise.

3 (2) Prior to December 7, 2003, each primary owner providing proposition  
4 player services at a gambling establishment on the date that these  
5 regulations originally became effective (November 6, 2003) shall  
6 submit an Application for Contract Approval Provider of Proposition  
7 Player Services (DGC-APP.030, rev. ~~09/03~~ 08/04), which is hereby  
8 incorporated by reference.

9 (3) A complete application for contract approval shall include all of the  
10 following:

11 (A) A completed Application for Contract Approval Provider of  
12 Proposition Player Services (DGC-APP.030, rev. ~~09/03~~ 08/04),  
13 which is hereby incorporated by reference.

14  
15 (B) A completed Appointment of Designated Agent for Owners and  
16 Proposition Players (DGC-APP.031, rev. ~~09/03~~ 08/04), which is  
17 hereby incorporated by reference.

18  
19 (C) An executed copy of the contract that specifically addresses all  
20 of the requirements of Section 12200.7.

21  
22 (D) A playing book form that specifically addresses all of the  
23 requirements of section 12200.13.

24  
25 (E) A five hundred dollar (\$500) nonrefundable application fee.

1  
2 (F) ~~A \$1200 deposit in such amount as, in the judgment of the~~  
3 ~~Director of the Division, will be sufficient to pay the anticipated~~  
4 ~~processing costs~~ as required by Title 11, California Code of  
5 Regulations, section 2037(a)(2)(A). The Division may require  
6 an additional sum to be deposited to pay the final costs of the  
7 review and approval or disapproval of the contract. Any money  
8 received as a deposit in excess of the costs incurred in the  
9 review and approval or disapproval of the contract will be  
10 refunded and an itemized accounting will be provided to the  
11 primary owner, or primary owner's designee.

12 (4) The Division shall notify the applicant, in writing, within ten working  
13 days of receiving the application that the application or resubmitted  
14 application is complete or incomplete. If an application is incomplete,  
15 the Division shall request, in writing, any information, fees, or  
16 documentation needed to complete the application. Unless extended  
17 by the Division for further investigation up to 90 days or with the  
18 consent of the applicant, review and approval or disapproval of a  
19 proposition player contract shall be completed within 90 days of  
20 receiving a completed application and notice thereof shall be sent via  
21 United States mail to the applicant or the applicant's designee within  
22 10 ten days of the Division's decision. Notice of disapproval of the  
23 contract or amendments shall specify the cause.

24 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

25 **Reference:** Section 19984, Business and Professions Code

1 **Section 12200.10A Expedited Review and Approval of Proposition**  
2 **Player Contracts**

3 ~~(b)~~ ~~(1)~~(a) In lieu of the procedure specified in subsection (a) Section 12200.9,  
4 the Division shall provide an expedited review process of an  
5 application for contract approval if all of the following conditions  
6 exist:

7  
8 ~~(A)~~ (1) Proposition player services were provided in the  
9 gambling establishment at any time during the 30 days  
10 preceding the application pursuant to a contract that was  
11 previously approved by the Division and that has been  
12 terminated.

13  
14 ~~(B)~~ (2) The proposed contract is between the house and a  
15 different primary owner than the previous contract under which  
16 proposition player services were provided in the gambling  
17 establishment.

18  
19 ~~(C)~~ (3) The terms of the proposed contract are substantially identical to  
20 the contract previously approved by the Division under which  
21 proposition player services were provided in the gambling  
22 establishment at any time during the 30 days preceding the  
23 application.

24  
25 ~~(2)~~ (b) If an application for contract approval is submitted as an expedited  
26 contract request and the Division determines that it does not meet the

1 criteria, the primary owner or designee and the house shall be notified  
2 within one business day of the Division's decision. Any contract that  
3 is not processed through the expedited review and approval process  
4 shall be treated as a new contract request and reviewed and approved  
5 or disapproved as otherwise provided by subsection (a).

6  
7 ~~(3)~~(c) The Division shall complete the expedited review and approval of a  
8 contract within three business days of receiving all of the following:

9  
10 ~~(A)~~(1) A completed Application for Contract Approval Provider  
11 of Proposition Player Services (DGC-APP.030, rev. ~~05/04~~  
12 08/04).

13  
14 ~~(B)~~(2) A completed Appointment of Designated Agent for Owners and  
15 Proposition Players (DGC-APP.031, rev. ~~05/04~~08/04).

16  
17 ~~(C)~~(3) An executed copy of the contract that specifically addresses all  
18 the requirements of Section 12200.7.

19  
20 ~~(D)~~(4) A playing book form that specifically addresses all the  
21 requirements of Section 12200.9.

22 ~~(E)~~(5) A five hundred dollar (\$500) nonrefundable application fee.

23 ~~(F)~~(6) An expedited processing fee of \$550.

24 ~~(e)~~(d) (1) As soon as is practicable after determining that any application for  
25 approval of a proposition player contract or amendment is complete

1           and that the contract or amendment appears to qualify for approval,  
2           but in no event less than 75 days from receipt of the application, the  
3           Division shall submit the contract or amendment to the Commission  
4           for review and comment. The Commission shall provide the Division  
5           with comments, if any, within 15 days of receipt of the contract or  
6           amendment.

7           (2) A copy of the Division's notice of approval or disapproval of a  
8           proposition player contract or amendment thereto shall be sent to the  
9           Commission.

10       ~~(d)~~(e) An executed copy of the currently effective contract, and all amendment(s)  
11       thereto, and a copy of all Division notices that approved the contract and any  
12       amendment shall be maintained at the gambling establishment and shall be  
13       provided for review or copying upon request by any representative of the  
14       Commission or Division.

15       ~~(e)~~ (f) The term of any proposition player contract shall not exceed one year and  
16       shall not be extended or renewed without the prior approval of the Division.  
17       No amendment changing any of the contract terms referred to in Section  
18       12200.7, other than paragraphs (3), (4), and (6) of subsection (b) thereof,  
19       may become effective during the term of a proposition player contract  
20       without the prior written approval of the Division. If any amendment is  
21       made to a proposition player contract term specified in paragraphs (3), (4),  
22       or (6) of subsection (b) of Section 12200.7, both parties to the contract shall  
23       notify the Commission and Division in writing of the amendment within 10  
24       days of the execution thereof by the parties to the contract.

1 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

2 **Reference:** Section 19984, Business and Professions Code

3  
4 **Section 12200.10B Review and Approval of Amendments to**  
5 **Proposition Player Contracts**

6 ~~(f)~~ Requests to review and approve an amendment to a proposition player  
7 contract shall be submitted with an application for approval along with an  
8 executed copy of the contract, a five hundred dollar (\$500) nonrefundable  
9 application fee, and a deposit in such amount as, in the judgment of the  
10 Director of the Division, will be sufficient to pay the anticipated processing  
11 costs. The Division may require an additional sum to be deposited to pay  
12 the final costs of the review and approval or disapproval of the amendment.  
13 Any money received as a deposit in excess of the costs incurred in the  
14 review and approval or disapproval of the amendment shall be refunded and  
15 an itemized accounting shall be provided to the primary owner or the  
16 primary owner's designee.

17 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

18 **Reference:** Section 19984, Business and Professions Code

19 **Section 12200.10C Superseding of Contract Provisions**

20 ~~(g)~~ All proposition player contracts shall be subject to, and superseded by, any  
21 changes in the requirements of regulations adopted under Business and

1 Professions Code section 19984 that conflict with or supplement provisions  
2 of the proposition player contract.

3 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

4 **Reference:** Section 19984, Business and Professions Code

5 **Section 12200.11** **Extension of Proposition Player Contract**

6 **Extensions**

7 (a) An application for approval of a ~~proposal~~ contract to ~~extend or renew a~~  
8 continue proposition player services ~~contract~~ shall include all of the  
9 following:

10 (1) A completed Application for Contract Approval to Provider of  
11 Proposition Player Services (DGC-APP.030, rev. ~~05/04~~ 08/04), which  
12 is hereby incorporated by reference.

13 (2) A \$500 application fee.

14 (3) An executed copy of the contract.

15 (4) A deposit in such amount as, in the judgment of the Director of the  
16 Division, will be sufficient to pay the anticipated processing costs.  
17 The Division may require an additional sum to be deposited to pay the  
18 final costs of the review and approval or disapproval of the contract.  
19 Any money received as a deposit in excess of the costs incurred in the  
20 review and approval or disapproval of the contract will be refunded  
21 and an itemized accounting will be provided to the primary owner, or  
22 primary owner's designee.

1 (b) The application shall be submitted to the Division no later than 90 days prior  
2 to the date that the current contract is scheduled to expire.

3 (c) As soon as is practicable after determining that any application for approval  
4 of a proposition player contract extension is complete and that the contract  
5 extension appears to qualify for approval, but in no event less than 75 days  
6 from receipt of the application, the Division shall submit the contract  
7 extension to the Commission for review and comment. The Commission  
8 shall provide the Division with comments, if any, within 15 days of receipt  
9 of the contract extension.

10 ~~(d) A deposit in such amount as, in the judgment of the Director of the Division,~~  
11 ~~will be sufficient to pay the anticipated processing costs. The Division may~~  
12 ~~require an additional sum to be deposited to pay the final costs of the review~~  
13 ~~and approval or disapproval of the contract. Any money received as a~~  
14 ~~deposit in excess of the costs incurred in the review and approval or~~  
15 ~~disapproval of the contract will be refunded and an itemized accounting will~~  
16 ~~be provided to the primary owner, or primary owner's designee.~~

17 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

18 **Reference:** Section 19984, Business and Professions Code

19  
20 **Section 12200.13      Playing Books**

21 (a) The primary owner shall be responsible for assuring that its players maintain  
22 accurate, complete, and up-to-date playing books for all sessions of play  
23 worked in conformity with regulations of the Commission. The information

1 in the playing-book record shall be transferred to the primary owner, or a  
2 supervisor designated by the primary owner at the end of each session of  
3 play. The primary owner shall maintain this information in English at a  
4 single location in the State of California, and shall maintain the original  
5 playing book records in the State of California, for at least five years. The  
6 location or locations where the records of this information and the original  
7 playing book records are maintained, and any change therein, shall be  
8 disclosed to the Commission and Division by written notice mailed or  
9 delivered within five business days after establishing or changing such a  
10 location.

11 (b) Playing books shall be prepared and maintained as follows:

12 (1) Playing book forms shall be reviewed and approved or disapproved  
13 during the review of the contract by the Division.

14 (2) Each form in the playing book shall be recorded in ink and include,  
15 but not be limited to, the following information:

16 (A) Sequential numbers. Any unused form shall be voided and  
17 maintained in the playing book.

18 (B) Specify the name of the gambling establishment where play  
19 occurred.

20 (C) The date when play occurred.

21 (D) Beginning and ending balances.

1           (E) All fills and credits affecting the balance shall be individually  
2           identified.

3           (F) The printed full name and badge number of the proposition  
4           player, which includes owners, supervisors, and/or players.

5           (G) The table number assigned by the gambling establishment.

6           (H) The specific name of the Division-approved gaming activity.

7           (I) The name of the primary owner.

8           (3) The form for each session of play shall be time-stamped, dated, and  
9           signed under penalty of perjury by the person who prepared it and  
10           shall include a declaration in the following form: "I declare under  
11           penalty of perjury under the laws of the State of California that the  
12           foregoing is true and correct."

13           **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

14           **Reference:** Section 19984, Business and Professions Code

15  
16           **Section 12200.14. Organization Chart and Employee Report**

17           (a) No later than September 1, 2004, each registered primary owner shall submit  
18           a current organization chart and a listing of all employees to the Division  
19           and the Commission. The listing of employees shall be submitted on the  
20           form Third Party Proposition Player Services Employee Report (CGCC-440,  
21           New 06/04), which is hereby incorporated by reference.

1 (b) Upon renewal of the registration or license and six months thereafter, each  
2 registered or licensed primary owner shall submit an updated organization  
3 chart and a listing of all employees to the Division and the Commission.

4 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

5 **Reference:** Section 19984, Business and Professions Code

6 **Section 12200.15 Transfers and Sales**

7 (a) No individual who is an owner shall in any manner transfer any interest in  
8 the proposition player services operation to any person, firm, or corporation  
9 ~~not then an owner of an interest therein, and such a transfer shall not become~~  
10 ~~effective for any purpose,~~ until the proposed transferee or transferees have  
11 made application for and obtained registration or licensing as an owner from  
12 the Commission. Applications for a transfer of the interest shall be made by  
13 the transferee applying for registration or licensing under this regulation.  
14 Evidence of the transferor's agreement to transfer the interest shall  
15 accompany the application for registration or licensing.

16 (b) The proposed articles of incorporation, if applicable, and the sales and  
17 transfer agreement shall be submitted to the Commission for approval prior  
18 to submission of application.

19 (c) The effective date of the sale shall be at least 90 days after receipt of the  
20 application, or such other shorter time period as shall be set by the Executive  
21 Director with the agreement of the applicant.

22 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

1 **Reference:** Section 19984, Business and Professions Code

2 **Section 12200.16. Inspections and Investigations**

3 (a) When requested by a representative of the Commission or Division, a  
4 registrant or licensee shall immediately permit the Commission or Division  
5 representative, in accordance with the request, to inspect, copy, or audit all  
6 requested documents, papers, books, and other records of the registrant or  
7 licensee related to the provision of proposition player services. If the  
8 records are maintained in electronic form and the registrant or licensee is  
9 requested to do so, the registrant or licensee shall provide a printed copy in  
10 English pursuant to this section within 24 hours of the request.

11 (b) All records required by this chapter shall be maintained in English, in  
12 California.

13 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

14 **Reference:** Section 19984, Business and Professions Code

15

16 **Section 12200.17 Emergency Orders**

17 Registrants and licensees under this chapter shall be subject to emergency orders  
18 under Business and Professions Code section 19931.

19 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

20 **Reference:** Sections 19984 and 19931, Business and Professions Code

21 **Section 12200.18 Revocation**

- 1 The Commission may revoke a ~~license or~~ registration or license, upon any of the  
2 following grounds, after a hearing conducted pursuant to the same procedures  
3 applicable to the revocation of a gambling establishment license:
- 4 (a) The ~~licensee or~~ registrant or licensee committed, attempted to commit, or  
5 conspired to commit any acts prohibited by the Gambling Control Act or this  
6 chapter.
- 7 (b) Any act or omission by the registrant that would disqualify the registrant  
8 from obtaining registration under this chapter. Any act or omission by the  
9 licensee that would disqualify the licensee from obtaining licensing under  
10 this chapter.
- 11 (c) The licensee or registrant engaged in any dishonest, fraudulent, or unfairly  
12 deceptive activities in connection with controlled gambling, including any  
13 violation of laws related to cheating.
- 14 (d) The licensee or registrant failed or refused to comply with the requirements  
15 of Section 12200.16 (Inspections and Investigations).
- 16 (e) The registrant or licensee failed or refused to comply with the requirements  
17 of Section 12200.14 (Organization Chart and Employee Report).
- 18 (f) The licensee or registrant concealed or refused to disclose any material fact  
19 in any inquiry by the Division or the Commission.
- 20 ~~(f)~~ (g) The licensee or registrant committed, attempted, or conspired to commit any  
21 embezzlement or larceny against a gambling licensee or proposition player  
22 registrant or upon the premises of a gambling establishment.

1 ~~(g)~~ (h) The licensee or registrant has been lawfully excluded from being  
2 present upon the premises of any licensed gambling establishment for any  
3 reason relating to cheating or any violation of the Gambling Control Act by  
4 the registrant.

5 ~~(h)~~(i) The registrant or licensee buys or sells chips outside the cage, except for  
6 exchanging with a patron chips of one denomination for chips of another  
7 denomination.

8 ~~(i)~~(j) The registrant or licensee lends money or chips to gambling establishment  
9 patrons, except for exchanging with a patron chips of one denomination for  
10 chips of another denomination.

11 ~~(j)~~(k) The registrant or licensee made wagers that were not specifically authorized  
12 by the game rules approved by the Division.<sup>22</sup>

13 ~~(k)~~ (l) The primary owner or any other owner knowingly permitted one or  
14 more of the owner's supervisors or players to commit any act described in  
15 subsections (a) to ~~(j)~~(k), inclusive.

16 ~~(l)~~ (m) The primary owner or any other owner knew, or failed to implement  
17 reasonable oversight procedures that would have apprised the owner, that  
18 one or more of the registrants or licensees was in violation of one or more  
19 provisions of this chapter or of the Gambling Control Act and failed or  
20 refused to take action to prevent the recurrence of the violation or violations.

21 (n) Registrant or licensee provided proposition player services to a gambling  
22 establishment without a Division-approved contract.

23 **Authority:** Sections 19840, 19941, and 19984, Business and Professions Code

1 Reference: Section 19984, Business and Professions Code

2

3 ~~**Section 12200.19 Special Authorizations and Limitations**~~

4 ~~(a) The holder of a supervisor's registration or license may also perform the~~  
5 ~~functions of a player.~~

6 ~~(b) Only authorized players may possess, direct, or otherwise control currency,~~  
7 ~~chips, or other wagering instruments used for play in the performance of a~~  
8 ~~proposition player contract.~~

9

10 **Section 12200.20 Non-refundable Annual Fee**

11 (a) No later than September 1 of each year, beginning September 1, 2004, each  
12 registered or licensed primary owner shall submit to the Commission the  
13 ~~non-refundable~~ annual fee set forth in subsection (b) (c) of this section,  
14 based on the total number of registrations or licenses affiliated with that the  
15 primary owner on the effective date of this regulation immediately preceding  
16 August 15. The payment due September 1, 2004 shall be based on the total  
17 number of registrations affiliated with the primary owner on August 15,  
18 2004.

19 (b) Within 30 days of approval of any request to convert a registration to a  
20 ~~initial~~ license application, the Commission shall notify the licensee of any  
21 additional fees owed for the term of the license granted, allowing pro rata  
22 credit on a monthly basis for any annual fee paid in connection with a  
23 registration that has not expired.

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(c) The annual fee shall be computed based on the following chart reflecting the total number of registrants affiliated with a particular primary owner on the date of assessment:

| <u>Category</u> | <u>Number of Registrants</u> | <u>Fee Per Registrant</u> |
|-----------------|------------------------------|---------------------------|
| A               | 1—5                          | \$2800                    |
| B               | 6--35                        | \$3050                    |
| C               | 36--175                      | \$3300                    |
| D               | 176—400                      | \$3550                    |
| E               | 401--900                     | \$3800                    |
| F               | 901--1200                    | \$4050                    |
| G               | 1200 or more                 | \$4300                    |

(d) Upon advance written approval by the Executive Director, installment payments shall be permitted as follows: one-third of the annual fee to be submitted no later than September 1, 2004, one-third no later than December 1, 2004, and the balance no later than March 1, 2005.

(e) Refunds shall not be available in the event of a subsequent decrease in the number of registrants upon which the annual fee payment was based.

1 (f) Following assessment of the annual fee, if the primary owner increases the  
2 number of its registrants above the number upon which the annual fee  
3 assessment was based, the primary owner shall submit to the Commission  
4 not only the required application fee for the additional registrants, but also  
5 the additional per player fee set forth in subsection (b) of this section.

6 (g) No renewal application shall be accepted by the Commission until any  
7 delinquent annual fees have been paid in full.

8 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

9 **Reference:** Section 19984, Business and Professions Code

## 10 **Section 12200.21 Compliance**

11 (a) Registrants and licensees shall comply with game rules approved by the  
12 Division, including but not limited to, the rules regarding player-dealer  
13 rotation and table wagering. No registrant or licensee shall be accorded any  
14 preference by the house over other players; provided, that a proposition  
15 player contract may, at any table assigned for play by the contracted  
16 registrant or licensee, preclude players of any other registrant or licensee  
17 under this chapter or chapter 2.2 of this title from playing at that table during  
18 the periods of play assigned by the proposition player contract for the  
19 contracted registrant or licensee.

20 (b) Only an authorized player may possess, direct, or otherwise control  
21 currency, chips, or other wagering instruments used for play in the  
22 performance of a proposition player contract.

23 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

1 Reference: Section 19984, Business and Professions Code

2  
3 **Article 2. Interim Registration**

4 **Section 12200.25 Transition to Licensing**

5 ~~(a) No person may provide proposition player services as an owner, supervisor,~~  
6 ~~or player or obtain a badge as required by Section 12200.3 without a current~~  
7 ~~valid license issued by the Commission, except that entities and individuals~~  
8 ~~registered as owners, supervisors, or players may continue to provide those~~  
9 ~~proposition player services under a valid registration, including a renewed~~  
10 ~~registration, until the Commission grants or denies licensing.~~

11  
12 ~~(b)~~ The Division shall summon persons registered as primary owners, owners,  
13 supervisors, players, and other employees for the purpose of applying for  
14 licenses under this chapter. The Division shall summon registrants in a way  
15 that will provide for the orderly licensing of primary owners, owners,  
16 supervisors, players, and other employees as expeditiously as possible in  
17 light of available program resources. The registration of any registrant that  
18 fails or refuses to submit a supplemental license application package  
19 Request for Conversion of a Third Party Proposition Player Services  
20 Registration to a License (CGCC-437, new 06/04)(see section 12218(c))  
21 including any fees to the Commission within 30 days of receiving a  
22 summons from the Division shall expire by operation of law on the  
23 following day. Prior to and during review of a request to convert a  
24 registration to a license application, a registration shall remain valid and may

1 be renewed by the registrant as necessary, upon application and approval of  
2 renewal of registration as provided in Section ~~12203.5~~ 12203.

3 ~~(e)~~ (b) If the registration expires by operation of law, the former registrant shall  
4 submit a new application and a new nonrefundable application fee.

5 ~~(d)~~ (c) The transition from registration to licensing for applications approved prior  
6 to April 30, 2004, shall be completed no later than ~~January 30~~ July 1, 2007.

7 ~~(e)~~ (d) The license application process, since it is the second phase of the  
8 interim registration licensing program, shall not require payment of an  
9 additional application fee. A request to convert a registration to a license  
10 shall require only payment of a sum of money that, in the judgment of the  
11 Director of the Division, will be adequate to pay the anticipated  
12 investigation and processing costs, in accordance with Business and  
13 Professions Code sections 19867 and 19984(c).

14 ~~(f)~~(e) If an application for licensing as a primary owner, owner, supervisor, or  
15 player is granted a license is issued, a license may be issued to the applicant.  
16 it will to expire as provided in Section ~~12218.19~~ 12218.13 (Term of  
17 License).

18 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

19 **Reference:** Section 19984, Business and Professions Code

20  
21  
22 **Section 12201. Registration**

23 (a) On and after March 31, 2004, no person may provide proposition player  
24 services or obtain a badge as required by Section 12200.3 without a current  
25 valid registration issued by the Commission.

- 1 (b) ~~Except as provided in subsection (c), registration~~ Registration shall be issued  
2 for a period of one year to owners and supervisors, and for a period of two  
3 years to players and other employees.
- 4 (c) ~~For owners, supervisors, and players, requirements for registration under this~~  
5 ~~regulation Article will be superseded by licensing requirements upon the~~  
6 ~~effective date of implementing regulations of the Commission to be adopted~~  
7 ~~in the future following the schedule and procedures prescribed Section~~  
8 ~~12200.25 and in Article 3 of this Chapter.~~ Registration under this chapter  
9 Article or its predecessor shall not create any vested right to licensing under  
10 those implementing regulations Article 3 of this Chapter or any successor  
11 provision.
- 12 (d) If a primary owner is a corporation, partnership, or other business entity,  
13 each owner, ~~supervisor,~~ and individual having a relationship to that entity  
14 specified in Business and Professions Code section 19852, subdivisions (a)  
15 to (h), inclusive, shall individually apply for and obtain registration as an  
16 owner listed on the business entity's registration certificate. No business  
17 entity or sole proprietor shall be registered under this chapter that is also  
18 licensed under the Gambling Control Act to operate a gambling  
19 establishment.<sup>2</sup>
- 20 (e) If the application is for registration as a supervisor or player, the primary  
21 owner that will employ the applicant shall be currently registered under this  
22 chapter.

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<sup>2</sup> In the original text, three alternatives were presented for subsection (d). Alternative (1) is shown here.

1 (f) A registration certificate shall be issued to each primary owner and shall  
2 include an expiration date. All owners other than the primary owner, ~~all~~  
3 ~~supervisors, and all persons required to be registered pursuant to subsection~~  
4 ~~(d) of this section shall not receive a separate registration certificate, but the~~  
5 ~~registration of every such person~~ shall be endorsed on the registration  
6 certificate that is issued to the primary owner.

7 (g) Registration is non-transferable.

8 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

9 **Reference:** Sections 19984 and 19951(a), Business and Professions Code

## 10 **Section 12202. Application for Registration**

11 (a) The application for registration shall designate whether the registration is  
12 requested as a primary owner, other owner, supervisor, player, or other  
13 employee. The application shall be signed by both the individual applicant  
14 and the designated agent, or, if the applicant is a business entity, by the chief  
15 executive officer or other designated officer of the business entity.

16 (b) An application for registration shall include all of the following:

17 (1) Payment of a nonrefundable application fee in the amount of five  
18 hundred dollars (\$500).

19 (2) A completed Application for Third Party Proposition Player Services  
20 Registration (CGCC-~~035~~ 435, rev. ~~02/04~~ 06/04), which is hereby  
21 incorporated by reference.

1 (3) A properly completed Request for Live Scan Service (California  
2 Department of Justice Form BCII 8016, rev. 4/01) for an applicant  
3 that is an individual, confirming that the applicant's fingerprints have  
4 been submitted to the Bureau for an automated background check and  
5 response.

6 (4) Two (2) two-by-two inch color passport-style photographs of an  
7 applicant that is an individual taken no more than one year before  
8 submission of the application to the Commission.

9 (c) An applicant that is an individual shall complete and submit ~~such~~  
10 ~~supplemental information as may be required by the Commission~~ form Third  
11 Party Proposition Player Services Registration Supplemental Information  
12 ~~(CGCC-036, rev. 02/04)~~ (CGCC-436, Rev. 06/04), which is hereby  
13 incorporated by reference, ~~or by the Division as necessary for completion of~~  
14 ~~its review as provided in this chapter.~~

15 (d) An applicant for registration or for any approval required by this chapter  
16 shall make full and true disclosure of all information to the Commission and  
17 Division as required for the application and as requested by the Commission  
18 or Division to carry out the policies of this state relating to controlled  
19 gambling.

20 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

21 **Reference:** Sections 19984 and 19951(a), Business and Professions Code

22 **Section 12203. Processing of Applications for Initial and Renewal**  
23 **Registration**

- 1 (a) The Executive Director shall notify the applicant in writing within 20 days  
2 of receiving the application, that the application or resubmitted application is  
3 complete and accepted for filing, or that the application or resubmitted  
4 application is deficient. If an application for registration is incomplete, the  
5 Executive Director shall request in writing any information needed in order  
6 to complete the application. The applicant shall be permitted at least 60 but  
7 no more than 90 days in which to furnish the information. If the applicant  
8 fails to respond to the request, the application shall be deemed abandoned  
9 and no further action will be taken on it.
- 10 (b) Upon determination that an application for registration is complete, the  
11 application shall be processed within 60 days and the Executive Director  
12 shall either issue the registration and badge applied for or shall notify the  
13 applicant of denial and the grounds therefor under Section 12204. However,  
14 this time may be extended by the Executive Director for no more than 30  
15 additional days if necessary to obtain information required to determine  
16 eligibility. The Executive Director shall promptly notify the applicant in  
17 writing of any such delay, including the length of the extension.
- 18 (c) If the applicant submits a request for withdrawal of his or her application to  
19 the Commission, the application shall be deemed abandoned and no further  
20 action will be taken on it.
- 21 (d) The Commission shall provide written notice of abandonment of an  
22 application to the applicant ~~and the Division~~. If the application is for  
23 registration as a supervisor, player, or other employee, the Commission shall  
24 also provide written notice of abandonment of the application to the primary  
25 owner.

1 (e) Nothing in this chapter shall require the Commission or Division to divulge  
2 to the applicant any confidential information received from any law  
3 enforcement agency or any information received from any person with  
4 assurances that the information would be maintained as confidential<sup>5</sup>, ~~and~~  
5 ~~nothing~~ Nothing in this chapter shall require the Commission or Division to  
6 divulge any information that might reveal the identity of any source of  
7 information or jeopardize the safety of any person.

8 (f) Renewal applications for owners shall be received no later than 120 days  
9 prior to the expiration of the current registration, together with all required  
10 fees. If an application is received after this 120-day deadline, an “expedited  
11 processing fee” of \$60 shall be submitted with the application. If an  
12 expedited processing fee is due but has not been received, ~~the application~~  
13 ~~shall be deemed incomplete~~ a registration renewal shall not be issued.

14 (g) Renewal applications for supervisors, players, and other employees shall be  
15 received no later than 90 days prior to the expiration of the current  
16 registration, together with the required \$500 application fee. If an  
17 application is received after this 90-day deadline, an expedited processing  
18 fee of \$60 shall be submitted with the application. If an expedited  
19 processing fee is due but has not been received, a registration renewal shall  
20 not be issued.

21 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

22 **Reference:** Section 19984, Business and Professions Code.

23 **Section 12203.1 Application for Temporary Player Registration**

1 The Executive Director shall, within 15 days of receiving a complete application,  
2 issue a temporary player registration valid for 120 days if all of the following  
3 requirements are met:

4 (a) The applicant has applied for a temporary player registration by completing  
5 the Commission's registration application form, requesting issuance of a  
6 temporary registration by checking the appropriate box on the application  
7 form, and submitting with the application a nonrefundable \$25.00 temporary  
8 registration fee, in addition to the regular registration fee of \$500.

9 (b) The applicant has supplied all of the following to the Commission:

10 (1) The applicant's name, mailing address, residence street address (if  
11 different than mailing address), telephone number, e-mail address  
12 (optional), and date of birth.

13 (2) A two by two inch color passport-style photograph taken no more  
14 than 30 days before submission to the Commission of the registration  
15 application, which shall be in addition to the photograph submitted for  
16 the regular registration.

17 (3) Information concerning the primary owner with which the position is  
18 available: the name of the primary owner, mailing address, voice  
19 telephone number, facsimile number (if any), e-mail address (if any),  
20 and the job title of the position, ~~and the name of the owner or~~  
21 ~~authorized agent.~~

22 (4) A Request for Live Scan Service (California Department of Justice  
23 Form BCII 8016, rev. 4/01<sup>7</sup>), confirming that the applicant has  
24 submitted his or her fingerprints to the Bureau for an automated  
25 background check and response.

1 (c) Neither the application in its entirety nor the results of the investigation of  
2 the applicant reported by the Division to the Commission up until the date of  
3 issuance of the temporary registration discloses any of the following:

4 (1) The applicant has been convicted of any felony.

5 (2) The applicant has, within the 10-year period immediately  
6 preceding the submission of the application, been convicted of any of  
7 the following offenses, not including convictions which have been  
8 expunged or dismissed as provided by law:

9 (A) A misdemeanor involving a firearm or other deadly weapon.

10 (B) A misdemeanor involving gaming or gaming related activities  
11 prohibited by Chapter 9 (commencing with section 319) and  
12 Chapter 10 (commencing with section 330) of Title 9 of Part 1  
13 of the Penal Code.

14 (C) A misdemeanor involving a violation of an ordinance of any  
15 city, county, or city and county, which pertains to gambling or  
16 gambling-related activities.

17 (D) A misdemeanor involving violations of the Gambling Control  
18 Act.

19 (E) A misdemeanor involving dishonesty or moral turpitude.

20 (3) The applicant has had an application for a gambling license, work  
21 permit, ~~or~~ proposition player registration, proposition player license,  
22 gambling business registration, or gambling business license denied.

23 (4) The applicant has had a gambling license, work permit, proposition  
24 player registration, proposition player license, gambling business  
25 registration, or gambling business license revoked, ~~or proposition~~  
26 ~~player registration denied.~~

1       (5) The applicant is disqualified under the Gambling Control Act or other  
2           provisions of law from holding a temporary registration.

3 (d) The Division has reported one of the following to the Commission  
4           concerning the Request for Live Scan Service submitted to the Bureau:

5       (1) A response has been received from the Bureau or Federal authorities  
6           that is consistent with a finding that the applicant has not sustained  
7           any disqualifying criminal convictions, or,

8       (2) No response from the Bureau or Federal authorities has been received  
9           within the time period set forth in ~~subdivision~~ subsection (b) of  
10           section ~~12126~~ 12203.2.

11 (e) The application and other information obtained during the review  
12           does not disclose any factor indicating that approval of the temporary  
13           registration may in the judgment of the Executive Director  
14           present a danger to the public or to the reputation of controlled  
15           gambling or proposition playing in this state.

16 (f) The applicant is not ineligible under Business and Professions Code  
17           section 19859, subdivisions (b), (e), (f), or (g), the terms of which are  
18           incorporated by reference and hereby expressly made applicable to  
19           applications for temporary ~~work permits~~ player registrations.

21 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

23 **Reference:** Section 19984, Business and Professions Code.

25 **Section 12203.2           Processing Times for Temporary Player**  
26                                   **Registration**

1        (a) Applications for issuance of a temporary player registration by the  
2            Executive Secretary shall be processed within the following time  
3            frames:

4        (1) The maximum time within which the Commission shall notify the  
5            applicant in writing that an application or a resubmitted application is  
6            complete and accepted for filing, or that an application or a  
7            resubmitted application is deficient and identifying what specific  
8            additional information is required, is five working days.

9        (2) A temporary registration shall be either granted or denied within no  
10           more than 15 working days after the filing of a completed application.

11    **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

12    **Reference:** Section 19984, Business and Professions Code.

### 13    **Section 12204. Ineligibility for Registration**

14    An applicant shall be ineligible for registration for any of the following causes:

15    (a)    Except for an individual seeking registration as “other employee,” an  
16           individual applicant is under the age of 21.

17    (b)    The applicant has been convicted of any felony, including a conviction in a  
18           court of the United States or any other state of an offense that is classified as  
19           a felony by the laws of this state.

20    ~~(b)~~(c) The applicant has, within the ten year period immediately preceding the  
21           submission of the application, been convicted of a misdemeanor involving a  
22           firearm or other deadly weapon, gaming or gaming-related activities

1 prohibited by Chapter 9 (commencing with Section 319) or Chapter 10  
2 (commencing with section 330) of Title 9 of Part 1 of the Penal Code,  
3 violations of the Gambling Control Act, or dishonesty or moral turpitude,  
4 not including convictions which have been expunged or dismissed as  
5 provided by law.

6 ~~(e)~~(d) If the application is for registration as an owner, supervisor, or player, the  
7 applicant has been subject to a final administrative or judicial adjudication  
8 revoking a registration under this chapter or a state gambling license, key  
9 employee license, work permit or finding of suitability or has had an  
10 application denied under this chapter or the Gambling Control Act.

11 ~~(d)~~(e) The applicant would be ineligible for a state gambling license under any of  
12 the criteria set forth in Business and Professions Code section 19859,  
13 subdivisions (b), (e), or (f), ~~or (g)~~, the terms of which are incorporated by  
14 reference and hereby expressly made applicable to applications for  
15 registration under this chapter.

16 ~~(e)~~(f) The applicant would be ineligible for a state gambling license under  
17 Business and Professions Code section 19858, the terms of which are  
18 incorporated by reference and hereby expressly made applicable to  
19 applications for registration under this chapter.

20 ~~(f)~~(g) The applicant has violated one or more of the prohibitions set forth in  
21 Subsection 12200.7(b)(5), (10) or Subsection 12200.7(c).

22 ~~(g)~~(h) The applicant has failed to comply with one or more of the requirements set  
23 forth in Subsection 12200.7(b)(8), (9), (15), (16), ~~or~~ (17), (18), (21), or in  
24 Subsections 12200.7(c)(2) or (e).

1 ~~(h) The applicant has failed to act in accordance with the requirements of~~  
2 ~~Subsection 12200.7(e).~~

3 (j) The applicant is ineligible based on any other provision of law.

4 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

5 **Reference:** Section 19984, Business and Professions Code

## 6 **12205. Cancellation of Registration**

7 (a) Any registration issued in accordance with this chapter shall be subject to  
8 cancellation pursuant to this section. A registration shall be cancelled if the  
9 Commission determines upon a noticed hearing that the registrant is  
10 ineligible for registration, has failed in the application for registration to  
11 reveal any fact material to the holder's qualification for registration, or has  
12 supplied information in the registration application that is untrue or  
13 misleading as to a material fact pertaining to the criteria for issuance of  
14 registration.

15 (b) If the Commission finds that any of the circumstances set forth in subsection  
16 (a) apply, then the Executive Director shall immediately do all of the  
17 following:

18 (1) Provide written notice to the registrant and the Division of the  
19 cancellation of the registration and the grounds thereof, and provide  
20 written notice of the cancellation to the owner, if the registrant is a  
21 supervisor, player, or other employee and to any gambling  
22 establishment in which the registrant provides proposition player  
23 services.

1 (2) Notify the registrant that he or she is required to surrender the  
2 registrant's badge to the Commission not more than ten days  
3 following the date that the notice of the cancellation was mailed or  
4 such greater time as is authorized by the Executive Director.

5 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

6 **Reference:** Section 19984, Business and Professions Code

### 7 **Section 12206. Badge**

8 ~~All individuals registered as owners, supervisors, players, and all other employees~~  
9 ~~of the owner shall wear in a prominently visible location a numbered badge issued~~  
10 ~~by the Commission when present in a gambling establishment during the provision~~  
11 ~~of proposition player services under the proposition player contract that covers the~~  
12 ~~registrant. The words "TPP PLAYER REGISTRANT" in capital letters shall be~~  
13 ~~prominently displayed on the badge above the registrant's category of registration~~  
14 ~~as an owner, supervisor, player or other employee. Below that portion of the badge~~  
15 ~~there shall be displayed the picture of the registrant submitted with the application~~  
16 ~~and the badge number, registrant's first name, and expiration date. The registrant's~~  
17 ~~full name shall be printed on the reverse side of the badge.~~

18 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

19 **Reference:** Section 19984, Business and Professions Code

### 20 **Section 12207. Proposition Player Contract Criteria**

21 ~~(a) All proposition player contracts shall be subject to, and superseded by, any~~  
22 ~~changes in the requirements of regulations adopted under Business and~~

1 Professions Code section 19984 that conflict with or supplement provisions  
2 of the proposition player contract.

3 ~~(b) Each proposition player contract shall specifically require all of the~~  
4 ~~following to be separately set forth at the beginning of the contract:~~

5 ~~(1) The names of the parties to the contract.~~

6 ~~(2) The effective dates of the contract.~~

7 ~~(3) The specific name of the Division approved gaming activities for~~  
8 ~~which proposition player services will be provided.~~

9 ~~(4) The maximum and minimum number of gaming tables available to the~~  
10 ~~proposition player provider service.~~

11 ~~(5) That no more than one owner, supervisor, or player from each~~  
12 ~~provider of proposition player service shall simultaneously play at a~~  
13 ~~table.~~

14 ~~(6) The hours of operation that proposition player services will be~~  
15 ~~provided.~~

16  
17 ~~(7) A detailed description of the location, applicable security measures,~~  
18 ~~and purpose of any currency, chips, or other wagering instruments that~~  
19 ~~will be stored, maintained, or kept within the gambling establishment~~  
20 ~~by or on behalf of the primary owner.~~

21 ~~(8) That proposition player services shall be provided in the gambling~~  
22 ~~establishment only in compliance with laws and regulations pertaining~~  
23 ~~to controlled gambling.~~

24 ~~(9) That proposition player services may be provided only by owners,~~  
25 ~~supervisors, and players with current registration under this chapter.~~

26 ~~(10) That a registrant may not provide proposition player services in a~~  
27 ~~gambling establishment for which the registrant holds a state~~  
28 ~~gambling license, key employee license, or work permit.~~

29 ~~(11) That collection fees charged by the house for participation in~~  
30 ~~any controlled game shall be the same as those charged to other~~  
31 ~~participants during the play of the game.~~

## 15-day Change to Proposed *Permanent* Proposition Player Regulation

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1           ~~(12) — The form to be used for the playing book record and the initial~~  
2           ~~number that will be used for the sequentially numbered forms.~~

3           ~~(13) — Any agreement between the primary owner and the house for~~  
4           ~~owners or supervisors to inspect or receive a copy of~~  
5           ~~surveillance recordings of tables at which proposition player~~  
6           ~~services are provided under the contract during the times the~~  
7           ~~services are provided, as necessary for business purposes.~~

8           ~~(14) — A full disclosure of any financial arrangements entered into~~  
9           ~~during the term of the contract for any purpose between the~~  
10          ~~house and any registrant covered by the proposition player~~  
11          ~~contract. If there is no financial consideration that passes under~~  
12          ~~the contract, a statement to that effect shall be included.~~

13          ~~(15) — That any legal dispute between the owner and the house,~~  
14          ~~including any exclusion of a registered owner, player, or~~  
15          ~~supervisor covered by the contract from the house shall be~~  
16          ~~within 10 days reported by the primary owner and the house to~~  
17          ~~the Commission and Division.~~

18          ~~(16) — That the primary owner and the house shall within 10 days~~  
19          ~~report to the Commission and Division the identity of any~~  
20          ~~registrant whose activities are covered by the proposition player~~  
21          ~~contract and who is arrested in the gambling establishment by a~~  
22          ~~peace officer, who is removed from the gambling establishment~~  
23          ~~by a peace officer or the house, or who is involved in a patron~~  
24          ~~dispute regarding his or her activities in the gambling~~  
25          ~~establishment that is the subject of a report to a peace officer~~  
26          ~~and that results in removal of one or more individuals.~~

27          ~~(17) — That any cheating reported to the house by a registrant shall be~~  
28          ~~reported within 5 days by the primary owner and the house to~~  
29          ~~the Commission and Division.~~

30          ~~(c) — Except as expressly authorized by this subsection, a proposition player~~  
31          ~~contract shall not include any provision authorizing payment to or receipt by~~  
32          ~~the house, or a designee thereof, of any share of the profits or revenues of a~~  
33          ~~registrant. Any payments made by a registrant to the house for a purpose~~  
34          ~~determined by agreement with the house shall be specifically authorized by~~  
35          ~~the proposition player contract. All payments shall be specified in the~~

## **15-day Change to Proposed *Permanent* Proposition Player Regulation**

1 contract. In no event may a proposition player contract provide for any  
2 payment based on a percentage or fraction of the registrant's gross profits or  
3 wagers made or the number of players. All payments shall be fixed and  
4 shall only be made for services and facilities requested by, and provided to,  
5 the registrant, and for a reasonable share of the cost of advertising with  
6 respect to gaming at the gambling establishment in which the registered  
7 owner participates. No contract provision shall authorize any payments for  
8 services or facilities that are substantially disproportionate to the value of the  
9 services or facilities provided. No payment other than the collection of fees  
10 for play, shall be required for play at any table, including, without limitation,  
11 reservation of a seat.

12 (d) ~~The proposition player contract shall not contain any provision that limits~~  
13 ~~contact with officials or employees of the Commission or Division. The~~  
14 ~~proposition player contract shall prohibit an owner or the house from~~  
15 ~~retaliating against any registrant on account of contact with an official or~~  
16 ~~employee of the Commission or Division or any other public official or~~  
17 ~~agency.~~

18 (e) ~~A proposition player contract shall be consistent with the provisions of~~  
19 ~~Business and Professions Code section 19984, subdivision (a), prohibiting a~~  
20 ~~gambling establishment or the house from having any interest, whether~~  
21 ~~direct or indirect, in funds wagered, lost, or won. No proposition player~~  
22 ~~contract shall be approved that would permit the house to bank any game in~~  
23 ~~the gambling establishment.~~

24 (f) ~~Each proposition player contract approved by the Division shall~~  
25 ~~contain a provision authorizing the Commission, after receiving the findings and~~  
26 ~~recommendation of the Division, to terminate the contract for any material~~  
27 ~~violation of any term required by this section.~~

28 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

29 **Reference:** Section 19984, Business and Professions Code

30 **Section 12208. Review and Approval of Proposition Player**  
31 **Contracts**

1 ~~(a) (1) On and after April 30, 2004, proposition player services shall not be~~  
2 ~~provided except pursuant to a proposition player contract, in writing,~~  
3 ~~approved in advance by the Division. Provision of proposition player~~  
4 ~~services by any person subject to registration under this chapter, or~~  
5 ~~engagement of proposition player services by the holder of a state~~  
6 ~~gambling license, without a contract as required by this section is a~~  
7 ~~violation of this section. The Division shall approve a proposition~~  
8 ~~player contract if the contract is consistent with this regulation and the~~  
9 ~~Act; the contract does not provide for controlled gambling that will be~~  
10 ~~conducted in a manner that is inimical to the public health, safety, or~~  
11 ~~welfare; the contract will not create or enhance the dangers of~~  
12 ~~unsuitable, unfair, or illegal practices, methods, or activities in the~~  
13 ~~conduct of controlled gambling or in the carrying on of the business~~  
14 ~~and financial arrangements incidental thereto; and will not undermine~~  
15 ~~public trust that the controlled gambling operations covered by the~~  
16 ~~contract will be conducted honestly, by reason of the existence or~~  
17 ~~perception of any collusive arrangement between any party to the~~  
18 ~~contract and the holder of a state gambling license, or otherwise.~~

19 ~~(2) Prior to December 7, 2003, each primary owner that is providing~~  
20 ~~proposition player services at a gambling establishment on the date~~  
21 ~~that these regulations originally became effective (November 6, 2003)~~  
22 ~~shall submit an Application for Contract Approval Provider of~~  
23 ~~Proposition Player Services (DGC APP.030, rev. 09/03), which is~~  
24 ~~hereby incorporated by reference.~~

25 ~~(3) A complete application for contract approval shall include all of the~~  
26 ~~following:~~

27  
28 ~~(A) A completed Application for Contract Approval Provider of~~  
29 ~~Proposition Player Services (DGC APP.030, rev. 09/03).~~

30  
31 ~~(B) A completed Appointment of Designated Agent for Owners and~~  
32 ~~Proposition Players (DGC APP.031, rev. 09/03) which is~~  
33 ~~hereby incorporated by reference.~~

34  
35 ~~(C) An executed copy of the contract that specifically addresses all~~  
36 ~~of the requirements of Section 12207.~~

37

## **15-day Change to Proposed *Permanent* Proposition Player Regulation**

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1           ~~(D) — A playing book form that specifically addresses all of the~~  
2           ~~requirements of section 12209.~~

3  
4           ~~(E) — A five hundred dollar (\$500) nonrefundable application fee.~~

5  
6           ~~(F) — A deposit in such amount as, in the judgment of the Director of~~  
7           ~~the Division, will be sufficient to pay the anticipated processing~~  
8           ~~costs. The Division may require an additional sum to be~~  
9           ~~deposited to pay the final costs of the review and approval or~~  
10           ~~disapproval of the contract. Any money received as a deposit in~~  
11           ~~excess of the costs incurred in the review and approval or~~  
12           ~~disapproval of the contract will be refunded and an itemized~~  
13           ~~accounting will be provided to the primary owner, or primary~~  
14           ~~owner's designee.~~

15       ~~(4) — The Division shall notify the applicant, in writing, within ten working~~  
16       ~~days of receiving the application that the application or resubmitted~~  
17       ~~application is complete or incomplete. If an application is incomplete,~~  
18       ~~the Division shall request, in writing, any information, fees, or~~  
19       ~~documentation needed to complete the application. Unless extended~~  
20       ~~by the Division for further investigation up to 90 days or with the~~  
21       ~~consent of the applicant, review and approval or disapproval of a~~  
22       ~~proposition player contract shall be completed within 90 days of~~  
23       ~~receiving a completed application and notice thereof shall be sent via~~  
24       ~~United States mail to the applicant or the applicant's designee within~~  
25       ~~10 days of the Division's decision. Notice of disapproval of the~~  
26       ~~contract or amendments shall specify the cause.~~

27       ~~(5) — The Division may make available to any applicant, upon request,~~  
28       ~~examples of previously approved contracts, as modified to delete any~~  
29       ~~identifying information of the parties, any reference to the specific~~  
30       ~~amount of monetary consideration, and any other terms or conditions~~  
31       ~~of the contract that the Division determines should remain~~  
32       ~~confidential. Nothing in this paragraph shall be construed to require~~  
33       ~~the Division to approve a contract in the form of any exemplar~~  
34       ~~contract made available pursuant to this paragraph.~~

35       ~~(b) — (1) — In lieu of the procedure specified in subsection (a), the Division shall~~  
36       ~~provide an expedited review process of an application for contract~~  
37       ~~approval if all of the following conditions exist:~~

1  
2 (A) ~~Proposition player services were provided in the gambling~~  
3 ~~establishment at any time during the 30 days preceding the~~  
4 ~~application pursuant to a contract that was previously approved~~  
5 ~~by the Division and that has been terminated.~~  
6

7 (B) ~~The proposed contract is between the house and a different~~  
8 ~~primary owner than the previous contract under which~~  
9 ~~proposition player services were provided in the gambling~~  
10 ~~establishment.~~  
11

12 (C) ~~The terms of the proposed contract are substantially identical to~~  
13 ~~the contract previously approved by the Division under which~~  
14 ~~proposition player services were provided in the gambling~~  
15 ~~establishment at any time during the 30 days preceding the~~  
16 ~~application.~~  
17

18 (2) ~~If an application for contract approval is submitted as an expedited~~  
19 ~~contract request and the Division determines that it does not meet the~~  
20 ~~criteria, the primary owner or designee and the house shall be notified~~  
21 ~~within one business day of the Division's decision. Any contract that~~  
22 ~~is not processed through the expedited review and approval process~~  
23 ~~shall be treated as a new contract request and reviewed and approved~~  
24 ~~or disapproved as otherwise provided by subsection (a).~~  
25

26 (3) ~~The Division shall complete the expedited review and approval of a~~  
27 ~~contract within three business days of receiving all of the following:~~  
28

29 (A) ~~A completed Application for Contract Approval Provider of~~  
30 ~~Proposition Player Services (DGC APP.030, rev. 09/03).~~  
31

32 (B) ~~A completed Appointment of Designated Agent for Owners and~~  
33 ~~Proposition Players (DGC APP.031, rev. 09/03).~~  
34

35 (C) ~~An executed copy of the contract that specifically addresses all~~  
36 ~~the requirements of Section 12207.~~  
37

38 (D) ~~A playing book form that specifically addresses all the~~  
39 ~~requirements of Section 12209.~~

1  
2           (E) — ~~A five hundred dollar (\$500) nonrefundable application fee.~~

3           (F) — ~~A deposit in such amount as, in the judgment of the Director of~~  
4           ~~the Division, will be sufficient to pay the anticipated processing~~  
5           ~~costs. The Division may require an additional sum to be~~  
6           ~~deposited to pay the final costs of the review and approval or~~  
7           ~~disapproval of the contract. Any money received as a deposit in~~  
8           ~~excess of the costs incurred in the review and approval or~~  
9           ~~disapproval of the contract will be refunded and an itemized~~  
10           ~~accounting will be provided to the primary owner, or primary~~  
11           ~~owner's designee.~~

12 (e) — (1) — ~~Within 15 days of receiving any complete application for approval of~~  
13           ~~a proposition player contract or amendment, the Division shall submit~~  
14           ~~the contract or amendment to the Commission for review and~~  
15           ~~comment. The Commission shall provide the Division with~~  
16           ~~comments, if any, within 10 days of receipt of the contract or~~  
17           ~~amendment. This paragraph does not apply to expedited approval~~  
18           ~~under subsection (b).~~

19           (2) — ~~A copy of the Division's notice of approval or disapproval of a~~  
20           ~~proposition player contract or amendment thereto shall be sent to the~~  
21           ~~Commission.~~

22 (d) — ~~An executed copy of the currently effective contract, and all amendment(s)~~  
23           ~~thereto, and a copy of all Division notices that approved the contract and any~~  
24           ~~amendment shall be maintained at the gambling establishment and shall be~~  
25           ~~provided for review or copying upon request by any representative of the~~  
26           ~~Commission or Division.~~

27 (e) — ~~The term of any proposition player contract shall not exceed one year and~~  
28           ~~shall not be extended or renewed without the prior approval of the Division.~~  
29           ~~No amendment changing any of the contract terms referred to in Section~~  
30           ~~12207, other than paragraphs (3) and (6) of subsection (b) thereof, may~~  
31           ~~become effective during the term of a proposition player contract without the~~  
32           ~~prior written approval of the Division. If any amendment is made to a~~  
33           ~~proposition player contract term specified in paragraph (3) or (6) of~~  
34           ~~subsection (b) of Section 12207, both parties to the contract shall notify the~~

1 Commission and Division in writing of the amendment within 10 days of the  
2 execution thereof by the parties to the contract.

3 ~~(f) — Requests to review and approve an amendment to a proposition player~~  
4 ~~contract shall be submitted with an application for approval along with an~~  
5 ~~executed copy of the contract, a five hundred dollar (\$500) nonrefundable~~  
6 ~~application fee, and a deposit in such amount as, in the judgment of the~~  
7 ~~Director of the Division, will be sufficient to pay the anticipated processing~~  
8 ~~costs. The Division may require an additional sum to be deposited to pay~~  
9 ~~the final costs of the review and approval or disapproval of the amendment.~~  
10 ~~Any money received as a deposit in excess of the costs incurred in the~~  
11 ~~review and approval or disapproval of the amendment shall be refunded and~~  
12 ~~an itemized accounting shall be provided to the primary owner or the~~  
13 ~~primary owner's designee.~~

14 ~~(g) — All proposition player contracts shall be subject to, and superseded by, any~~  
15 ~~changes in the requirements of regulations adopted under Business and~~  
16 ~~Professions Code section 19984 that conflict with or supplement provisions~~  
17 ~~of the proposition player contract.~~

18 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

19 **Reference:** Section 19984, Business and Professions Code

## 20 **Section 12209. Playing Books**

21 ~~(a) — The primary owner shall be responsible for assuring that their players~~  
22 ~~maintain accurate, complete, and up-to-date playing books for all sessions of~~  
23 ~~play worked in conformity with regulations of the Commission. The~~  
24 ~~information in the playing book record shall be transferred to the primary~~  
25 ~~owner, or a supervisor designated by the primary owner, on a daily basis.~~  
26 ~~Primary owners shall maintain this information at a single location in the~~  
27 ~~State of California, and shall maintain the original playing book records in~~  
28 ~~the State of California, for at least five years. The location or locations~~  
29 ~~where the records of this information and the original playing book records~~  
30 ~~are maintained, and any change therein, shall be disclosed to the~~  
31 ~~Commission and Division by written notice mailed or delivered within five~~  
32 ~~business days after establishing or changing such a location.~~

- 1 ~~(b) — Playing books shall be prepared and maintained as follows:~~
- 2 ~~(1) — Playing book forms shall be reviewed and approved or disapproved~~  
3 ~~during the review of the contract by the Division.~~
- 4 ~~(2) — Each form in the playing book shall be recorded in ink and include,~~  
5 ~~but not be limited to, the following information:~~
- 6 ~~(A) — Sequential numbers. Any unused form shall be voided and~~  
7 ~~maintained in the playing book.~~
- 8 ~~(B) — Specify the name of the gambling establishment where play~~  
9 ~~occurred.~~
- 10 ~~(C) — The date when play occurred.~~
- 11 ~~(D) — Beginning and ending balances.~~
- 12 ~~(E) — All fills and credits affecting the balance shall be individually~~  
13 ~~identified.~~
- 14 ~~(F) — The printed full name and badge number of the proposition~~  
15 ~~player, which includes owners, supervisors, and/or players.~~
- 16 ~~(G) — The table number.~~
- 17 ~~(H) — The specific name of the Division approved gaming activity.~~
- 18 ~~(I) — The name of the primary owner.~~
- 19 ~~(3) — The form for each session of play shall be dated and signed under~~  
20 ~~penalty of perjury by the person who prepared it and shall include a~~  
21 ~~declaration in the following form: “I declare under penalty of perjury~~  
22 ~~under the laws of the State of California that the foregoing is true and~~  
23 ~~correct.”~~

24 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

25 **Reference:** Section 19984, Business and Professions Code

1 **Section 12210. Transfers and Sales**

2 ~~No individual who is an owner shall in any manner transfer any interest in the~~  
3 ~~proposition player services operation to any person, firm, or corporation not then~~  
4 ~~an owner of an interest therein, and such a transfer shall not become effective for~~  
5 ~~any purpose, until the proposed transferee or transferees have made application for~~  
6 ~~and obtained registration as an owner from the Commission. Applications for a~~  
7 ~~transfer of the interest shall be made by the transferee applying for registration~~  
8 ~~under this regulation. Evidence of the transferor's agreement to transfer the interest~~  
9 ~~shall accompany the application for registration.~~

10 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

11 **Reference:** Section 19984, Business and Professions Code

12 **Section 12211. Inspections**

13 ~~When requested by a representative of the Commission or Division, a registrant~~  
14 ~~shall immediately permit the Commission or Division representative, in~~  
15 ~~accordance with the request, to inspect, copy, or audit all requested documents,~~  
16 ~~papers, books, and other records of the registrant related to the provision of~~  
17 ~~proposition player services. If the records are maintained in electronic form and~~  
18 ~~the registrant is requested to do so, the registrant shall provide a printed copy~~  
19 ~~pursuant to this section.~~

20 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

21 **Reference:** Section 19984, Business and Professions Code

22 **Section 12212. Compliance**

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(a) Registrants and licensees shall comply with game rules approved by the Division, including but not limited to, the rules regarding player-dealer rotation and table wagering. ~~No registrant shall be accorded any preference by the house over other players; provided, that a~~ A proposition player contract may, ~~at~~ concerning any table assigned for play by the contracted registrant or licensee, contain a provision preclude ~~precluding~~ players of any other registrant or licensee under this chapter or chapter 2.2 of this title from playing at that table during the periods of play assigned by the proposition player contract for the contracted registrant or licensee. ~~For purposes of this subsection, "preference" means and is limited to both of the following if sanctioned by house rule or otherwise directed by the house or its employees:~~

~~(1) Any priority in the continuous and systematic rotation of the deal, as required by Penal Code section 330.11, such that a registrant becomes entitled by reason of the priority to occupy the player-dealer position more often than other players. Nothing in this paragraph precludes the house from assigning a particular seat to a registrant.~~

~~(2) Any advantage to the registrant over other players in the placement of wagers. The house is not precluded from assigning a seat at the table to a registrant or licensee.~~

1 (b) Only an authorized player may possess, direct, or otherwise control  
2 currency, chips, or other wager instruments used in the performance of a  
3 proposition player contract.

4 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

5 **Reference:** Section 19984, Business and Professions Code

## 6 **Section 12213. Revocation**

7 ~~The Commission may revoke a registration, upon any of the following grounds,~~  
8 ~~after a hearing conducted pursuant to the same procedures applicable to revocation~~  
9 ~~of gambling establishment licenses:~~

10 ~~(a) The registrant committed, attempted to commit, or conspired to commit any~~  
11 ~~acts prohibited by the Gambling Control Act or this chapter.~~

12 ~~(b) Any act or omission by the registrant that would disqualify the registrant~~  
13 ~~from obtaining registration under this chapter.~~

14 ~~(c) The registrant engaged in any dishonest, fraudulent, or unfairly deceptive~~  
15 ~~activities in connection with controlled gambling, including any violation of~~  
16 ~~laws related to cheating.~~

17 ~~(d) The registrant failed or refused to comply with the requirements of Section~~  
18 ~~12211.~~

19 ~~(e) The registrant concealed or refused to disclose any material fact in any~~  
20 ~~inquiry by the Division or the Commission.~~

21 ~~(f) The registrant committed, attempted, or conspired to commit any~~  
22 ~~embezzlement or larceny against a gambling licensee or proposition player~~  
23 ~~registrant or upon the premises of a gambling establishment.~~

24 ~~(g) The registrant has been lawfully excluded from being present upon the~~  
25 ~~premises of any licensed gambling establishment for any reason relating to~~  
26 ~~cheating or any violation of the Gambling Control Act by the registrant.~~

1 ~~(h) The primary owner or any other owner knowingly permitted one or more of~~  
2 ~~the owner's supervisors or players to commit any act described in~~  
3 ~~subsections (a) to (f), inclusive.~~

4 ~~(i) The primary owner or any other owner knew, or failed to implement~~  
5 ~~reasonable oversight procedures that would have apprised the owner, that~~  
6 ~~one or more of the owner's supervisors or players was in violation of one or~~  
7 ~~more provisions of this chapter or of the Gambling Control Act and failed or~~  
8 ~~refused to take action to prevent the recurrence of the violation or violations.~~

9 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

10 **Reference:** Section 19984, Business and Professions Code

## 11 **Section 12214. Emergency Orders**

12 ~~Registrants under this chapter shall be subject to emergency orders under Business~~  
13 ~~and Professions Code section 19931.~~

14 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

15 **Reference:** Sections 19984 and 19931, Business and Professions Code

16

## 17 **Article 3. Licensing**

### 18 **Section 12218. ~~Application for Initial Licensing Request to~~** 19 **Convert Registration to Licensure**

20 ~~(a) License applications shall be submitted only in response to a written~~  
21 ~~summons from the Division to a registrant pursuant to Section 12200.25.~~

1 ~~Registrants whose applications were approved on or before March 31, 2004~~  
2 ~~shall be summoned before registrants whose applications were approved~~  
3 ~~after that date. A request to convert a registration to a license shall be~~  
4 ~~submitted only in response to a written summons from the Division to a~~  
5 ~~primary owner pursuant to Section 12200.25. Each primary owner's~~  
6 ~~request shall be accompanied by the requests of all affiliated owners,~~  
7 ~~supervisors, players, and other employees.~~

8 (b) ~~The application for licensing request to convert a registration to a license~~  
9 ~~shall designate whether the registration license is requested as a primary~~  
10 ~~owner, other owner, supervisor, player, or other employee. The application~~  
11 ~~request shall be signed by the individual applicant requester or, if the~~  
12 ~~applicant requester is a business entity, by the chief executive officer or~~  
13 ~~other designated officer of the business entity.~~

14 (c) ~~An application for licensing~~ The request to convert a registration to a license  
15 shall include all of the following:

16 (1) ~~A completed Application for Third Party Proposition Player Services~~  
17 ~~Licensing Request for Conversion of a Third Party Proposition Player~~  
18 ~~Services Registration to a License (CGCC-437, New 6/04), which is~~  
19 ~~hereby incorporated by reference.~~

20 (2) ~~A Request for Live Scan Service (California Department of Justice~~  
21 ~~Form BCH 8016, rev. 4/01) for an applicant that is an individual,~~  
22 ~~confirming that the applicant's fingerprints have been submitted to the~~  
23 ~~Bureau for an automated background check and response~~ Two (2)  
24 ~~two-by-two inch color passport-style photographs of a requester that~~

1 is an individual taken no more than 30 days before submission of the  
2 request to the Commission.

3 (3) The supplemental information package.

4 (4) A sum of money that, in the judgment of the Director of the Division,  
5 will be adequate to pay the anticipated investigation and processing  
6 costs, in accordance with Business and Professions Code section  
7 19867.

8 (d) Nothing in this chapter shall require the Commission or Division to divulge  
9 to the requester any confidential information received from any law  
10 enforcement agency or any information received from any person with  
11 assurances that the information would be maintained as confidential.  
12 Nothing in this chapter shall require the Commission or Division to divulge  
13 any information that might reveal the identity of any source of information  
14 or jeopardize the safety of any person.

15 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

16 **Reference:** Section 19984, Business and Professions Code

17 **Section 12218.5 Withdrawal of Request to Convert**

18 **Registration to License**

19  
20 (a) A request for withdrawal of a request to convert a registration to a license  
21 may be made at any time prior to final action upon the request by the  
22 Director by the filing of a written request to withdraw with the Commission.  
23 For the purposes of this section, final action by the Division means a final

1 determination by the Director regarding his or her recommendation on the  
2 request to the Commission.

3 (b) The Commission shall not grant the request unless the requester has  
4 established that withdrawal of the request would be consistent with the  
5 public interest and the policies of the Gambling Control Act and this chapter.  
6 If a request for withdrawal is denied, the Division may go forward with its  
7 investigation and make a recommendation to the commission upon the  
8 request, and the Commission may act upon the request to convert as if no  
9 request for withdrawal had been made.

10 (c) If a request for withdrawal is granted with prejudice, the requester thereafter  
11 shall be ineligible to renew its request until the expiration of one year from  
12 the date of the withdrawal. Unless the Commission otherwise directs, no  
13 payment relating to any request is refundable by reason of withdrawal of  
14 request.

15 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

16 **Reference:** Sections 19869 and 19984, Business and Professions Code

17  
18 **Section 12218.7 Processing Times--Request to Convert**  
19 **Registration to License**

20  
21 (a) Except as provided in subsection (b), a request to convert a  
22 registration to license submitted pursuant to this chapter shall be  
23 processed within the following timeframes:

24  
25 (1) The maximum time within which the Commission shall notify the  
26 applicant in writing that a request or a resubmitted request is complete

1 and accepted for initial processing by the Commission, or that a  
2 request or a resubmitted requested is deficient and identifying what  
3 specific additional information is required, is 20 days after receipt of  
4 the request. For the purposes of this section, “request” means the  
5 Request for Conversion of a Third Party Proposition Player Services  
6 Registration to a License (CGCC-437, New 6/04), which was  
7 incorporated by reference in Section 12218. A request is not complete  
8 unless accompanied by (1) a copy of the summons from the Division  
9 setting a deadline for filing the request with the Commission and (2)  
10 the supplemental information package required by section 12218(c)(3)  
11 for review by the Division pursuant to paragraph (3) of this subsection  
12 for persons affiliated with the primary owner to whom the summons  
13 was addressed. The supplemental information shall not be reviewed  
14 for completeness by the Commission.

15  
16 (2) A request and the supplemental information package shall be  
17 forwarded by the Commission to the Division for processing within  
18 10 days of the date that the Commission determines that the request is  
19 complete.

20  
21 (3) The Division shall review the supplemental information package  
22 submitted for completeness and notify the applicant of any  
23 deficiencies in the supplemental information package, or that the  
24 supplemental information package is complete, within 45 days of the  
25 date that the request and supplemental information package are  
26 received by the Division from the Commission. Notwithstanding this

1 subsection, subsequent to acceptance of the supplemental information  
2 package as complete, the Division may, pursuant to Business and  
3 Professions Code section 19866, require the requester to submit  
4 additional information.

5  
6 (4) Pursuant to Business and Professions Code section 19868, the  
7 Division shall, to the extent practicable, submit its recommendation to  
8 the Commission within 180 days after the date the Division is in  
9 receipt of both the completed request pursuant to paragraph (2) of this  
10 subsection and the completed supplemental information package  
11 pursuant to paragraph (3) of this subsection. If the Division has not  
12 concluded its investigation within 180 days, then it shall inform the  
13 applicant and the Commission in writing of the status of the  
14 investigation and shall also provide the applicant and the Commission  
15 with an estimated date on which the investigation may reasonably be  
16 expected to be concluded.

17  
18 (5) The Commission shall grant or deny the request within 120 days after  
19 receipt of the final written recommendation of the Division  
20 concerning the request, except that the Commission may notify the  
21 applicant in writing that additional time, not to exceed 30 days, is  
22 needed.

23  
24 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

25 **Reference:** Section 19984, Business and Professions Code sections

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**Section 12218.11 Ineligibility for Licensing**

A requester shall be ineligible for licensing for any of the following causes:

- (a) Except for an individual seeking licensing as “other employee,” an individual applicant is under the age of 21.
- (b) The requester has been convicted of any felony, including a conviction in a court of the United States or any other state of an offense that is classified as a felony by the laws of this state.
- (c) The requester has, within the ten year period immediately preceding the submission of the request to convert, been convicted of a misdemeanor involving a firearm or other deadly weapon, gaming or gaming-related activities prohibited by Chapter 9 (commencing with Section 319) or Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal Code, violations of the Gambling Control Act, or dishonesty or moral turpitude.
- (d) If the request to convert is for licensing as an owner, supervisor, or player, the requester has been subject to a final administrative or judicial adjudication revoking a registration or license under this chapter or a state gambling license, key employee license, work permit or finding of suitability or has had an application denied under this chapter or the Gambling Control Act.
- (e) The requester would be ineligible for a state gambling license under any of the criteria set forth in Business and Professions Code section 19859.

1 subdivisions (b), (e), or (f), the terms of which are incorporated by reference  
2 and hereby expressly made applicable to requests to convert under this  
3 chapter.

4 (f) The requester would be ineligible for a state gambling license under  
5 Business and Professions Code section 19858, the terms of which are  
6 incorporated by reference and hereby expressly made applicable to  
7 applications for registration under this chapter.

8 (g) The requester has violated one or more of the prohibitions set forth in  
9 Subsection 12200.7(b)(5), (11) and (20) or Subsection 12200.7(c)(1) and (3).

10 (h) The requester has failed to comply with one or more of the requirements set  
11 forth in Subsection 12200.7(b)(8), (9), (15), (16), (17), (18) or (21) or in  
12 Subsection 12200.7(c)(2) and (e).

13 (i) The applicant is ineligible based on any other provision of law.

14 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

15 **Reference:** Section 19984, Business and Professions Code

### 16 **Section 12218.13 Term of License**

17 All initial licenses shall be issued for a period of two years. Due to nonrecurring  
18 workload problems associated with the processing of the first round of requests to  
19 convert registrations to licenses, all other initial licenses that are granted within  
20 three years of the effective date of these regulations shall be issued for a period of  
21 two years. Beginning July 1, 2007, all licenses other than player licenses and other

1 employee licenses shall be issued for a period of one year, except as otherwise  
2 provided by a subsequently adopted regulation of the Commission.

3 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

4 **Reference:** Section and 19984, Business and Professions Code

5  
6  
7 **Section 12218.15 Compliance –Licensing**

8  
9 ~~(a) Licensees shall comply with game rules approved by the Division~~  
10 ~~regarding player-dealer rotation and table wagering. No licensee shall be~~  
11 ~~accorded any preference by the house over other players; provided, that a~~  
12 ~~proposition player contract may, at any table assigned for play by the~~  
13 ~~contracted licensee, preclude players of any other licensee under this chapter~~  
14 ~~or chapter 2.2 of this title from playing at that table during the periods of~~  
15 ~~play assigned by the proposition player contract for the contracted licensee~~  
16 ~~or registrant. For purposes of this subsection, “preference” means and is~~  
17 ~~limited to both of the following if sanctioned by house rule or otherwise~~  
18 ~~directed by the house or its employees:~~

19  
20 ~~(1) Any priority in the continuous and systematic rotation of the deal,~~  
21 ~~as required by Penal Code section 330.11, such that a licensee or~~  
22 ~~registrant becomes entitled by reason of the priority to occupy the~~  
23 ~~player-dealer position more often than other players. Nothing in~~

1 ~~this paragraph precludes the house from assigning a particular seat~~  
2 ~~to a licensee.~~

3 ~~(2) Any advantage to the licensee over other players in the placement~~  
4 ~~of wagers.~~

5 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

6 **Reference:** Section 19984, Business and Professions Code

7 **Section 12218.17 Background Investigation Deposit**

8 Each applicant for a license shall submit with the application of sum of money that,  
9 in the judgment of the Director of the Division, will be adequate to pay the  
10 anticipated investigation and processing costs, in accordance with Business and  
11 Professions Code section 19867.

12 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

13 **Reference:** Sections 19867 and 19984, Business and Professions Code

14 **~~Section 12218.19 Term of License~~**

15 ~~All initial licenses shall be issued for a period of two years. Due to nonrecurring~~  
16 ~~workload problems associated with the processing of initial license applications, all~~  
17 ~~other initial licenses that are granted within two years of the effective date of these~~  
18 ~~regulations shall be issued for a period of two years. Beginning July 1, 2007, all~~  
19 ~~licenses other than player licenses shall be issued for a period of one year, except~~  
20 ~~as otherwise provided by a subsequently adopted regulation of the Commission.~~

21 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

1 ~~Reference: Section and 19984, Business and Professions Code~~

2 **Chapter 2.2 Gambling Businesses: Registration; Licensing**

3 **Article 1. Definitions and General Provisions**

4 **Article 2. Registration**

5 **Article 3. Licensing**

6 **Article 1. Definitions and General Provisions**

7 Section 12220. Definitions

8 Section 12220.1 Certificate

9 Section 12220.3 Badge

10 Section 12220.5 Replacement Badge

11 Section 12220.6 Transfer of Player Registration or License

12 Section 12220.13 Playing Book

13 Section 12220.14 Organization Chart and Employee Report

14 Section 12220.15 Transfer and Sales

15 Section 12220.16 Inspections and Investigations

16 Section 12220.17 Emergency Orders

1 Section 12220.18      Revocation

2 Section 12220.20      Annual Fee

3 Section 12220.21      Compliance

4 Section 12220.23      Exclusion

5 **Article 2.**      **Registration**

6 Section 12220.25      Transition to Licensing

7 Section 12221.      Registration

8 Section 12222.      Application for Registration

9

10 Section 12223.      Processing of Applications

11 Section 12224.      Ineligibility for Registration

12

13 Section 12225.      Cancellation of Registration

14

15 Section 12226.      Badge [to be repealed]

16

17 Section 12227.      Transfers and Sales [to be repealed]

18

19 Section 12228.      Inspections [to be repealed]

20

1 Section 12229. Compliance [to be repealed]

2

3 Section 12230. Revocation [to be repealed]

4

5 Section 12231. Emergency Orders [to be repealed]

6

7 Section 12232. Exclusion [to be repealed]

8 **Article 3. Licensing**

9 **Section 12233 Request to Convert Registration to License**

10 **Section 12234 Withdrawal of Request to Convert Registration to**  
11 **License**

12 **Section 12235 Processing Times--Request to Convert**  
13 **Registration to License**

14 **Section 12236 Ineligibility for Licensing**

15 **Section 12237 Term of License**

16

17 **Article 1. Definitions and General Provisions**

18

19 **Section 12220. Definitions**

1 (a) Except as otherwise provided in subsection (b), the definitions in Business  
2 and Professions Code section 19805 shall govern the construction of this  
3 chapter.

4 (b) As used in this chapter:

5 (1) “Applicant” means the applicant for registration under this chapter,  
6 including in the case of an owner that is a corporation, partnership, or  
7 any other business entity, all persons whose registrations or licenses  
8 are required to be endorsed upon the primary owner’s registration or  
9 license certificate.

10 (2) “Authorized player” means an individual associated with a particular  
11 primary owner whose badge authorizes play in a controlled game on  
12 behalf of the primary owner, including the primary owner, all other  
13 owners, all supervisors, and all players. “Authorized player” does not  
14 include funding sources. Only authorized players may perform the  
15 functions of a supervisor or player.

16 ~~(2)~~ (3) “Badge” means a form of identification issued by the  
17 Commission identifying a registrant or licensee. A badge authorizing  
18 play in a controlled game shall be of a distinctly different color than a  
19 badge that identifies a registrant or licensee, but does not authorize  
20 play.

21 ~~(3)~~ (4) “Bureau” means the Bureau of Criminal Identification and  
22 Information of the California Department of Justice.

1       ~~(4)~~ (5)       “Commission” means the California Gambling Control  
2                   Commission.

3       ~~(5)~~ (6)       “Deadly weapon” means any weapon, the possession or  
4                   concealed carrying of which is prohibited by Penal Code section  
5                   12020.

6       ~~(6)~~ (7) “Division” means the Division of Gambling Control in the California  
7                   Department of Justice. Information that this chapter requires to be  
8                   sent to the Division shall be submitted in writing to the Sacramento  
9                   office of the Division.

10       ~~(7)~~ (8) “Executive Director” means the Executive Director of the  
11                   Commission or such other person as may be designated by the  
12                   Commission.

13  
14       ~~(8)~~ (9) “Funding source” means any person that provides financing,  
15                   including but not limited to loans, advances, any other form of credit,  
16                   chips, or any other representation or thing of value, to an owner-  
17                   registrant or owner-licensee, other than individual registrants under  
18                   Subsection ~~(d)~~ (c) of Section ~~12201~~ or individual licensees. “Funding  
19                   source” does not include any federally or state chartered lending  
20                   institution or any of the following entities that in the aggregate owns  
21                   at least one hundred million dollars (\$100,000,000) of securities of  
22                   issuers that are not affiliated with the entity:  
23

- 1 (A) Any federally-regulated or state-regulated bank or savings  
2 association or other federally- or state-regulated lending  
3 institution.
- 4
- 5 (B) Any company that is organized as an insurance company, the  
6 primary and predominant business activity of which is the  
7 writing of insurance or the reinsuring of risks underwritten by  
8 insurance companies, and that is subject to supervision by the  
9 Insurance Commissioner of California, or a similar official or  
10 agency of another state.
- 11
- 12 (C) Any investment company registered under the federal  
13 Investment Company Act of 1940 (15 U.S.C. sec. 80a-1 et  
14 seq.).
- 15
- 16 (D) Any retirement plan established and maintained by the United  
17 States, an agency or instrumentality thereof, or by a state, its  
18 political subdivisions, or any agency or instrumentality of a  
19 state or its political subdivisions, for the benefit of its  
20 employees.
- 21
- 22 (E) Any employee benefit plan within the meaning of Title I of the  
23 federal Employee Retirement Income Security Act of 1974 (29  
24 U.S.C. sec. 1001 et seq.).
- 25
- 26 (F) Any securities dealer registered pursuant to the federal

1 Securities Exchange Act of 1934 (15 U.S.C. sec. 78a et seq.).

2  
3 (G) Any entity, all of the equity owners of which individually meet  
4 the criteria of this paragraph (8).

5  
6 ~~(9)~~ (10) “Gambling business,” except as otherwise provided in this  
7 paragraph, means a business enterprise that engages the services of  
8 employees, independent contractors, or both to participate in the play  
9 of any controlled game in a gambling establishment that has a rotating  
10 player-dealer position as permitted by Penal Code section 330.11.  
11 “Gambling business” also refers to the conduct of such a business  
12 enterprise in a gambling establishment. “Gambling business” does  
13 not, however, include the provision of proposition player services  
14 subject to Chapter 2 (commencing with Section 12200) of this title.

15  
16 ~~(10)~~ (11) “Gambling Control Act” or “Act” means Chapter 5 (commencing  
17 with Section 19800) of Division 8 of the Business and Professions  
18 Code.

19 (12) “License” means a license issued by the Commission pursuant to  
20 article 3 of this chapter.

21 (A) There are four license categories entitling the holder to  
22 operate a gambling business:

23 1. primary owner,

24 2. Other owner, if issued a playing badge,

25 3. supervisor, and

26 4. Player.

1                   (B) All other employees of the primary owner who are  
2                   present in the gambling establishment during the conduct of the  
3                   gambling business shall be licensed as “other employee” and  
4                   shall be required to submit an application and be approved or  
5                   denied based upon the same criteria that apply to a player.

6  
7                   (13) “Licensee” means a person having a valid license.

8  
9                   (14) "Organization chart" means a chart that identifies the names and titles  
10                   of all owners, as defined in section 12220, supervisors, and any  
11                   persons having significant influence over the operation of gambling  
12                   business; the percentage of ownership, if any, held by each identified  
13                   individual or entity; and the reporting relationship for each identified  
14                   individual or entity.

15                   ~~(11)~~ (15) “Owner” includes all of the following:

16                   (A) A sole proprietor, corporation, partnership, or other business  
17                   entity that provides or proposes to conduct a gambling business.

18                   (B) Any individual specified in subsection (d) of Section 12221,  
19                   and

20                   (C) Any funding source.

21                   (16) “Player” means an individual employed by or an independent  
22                   contractor engaged by a gambling business to participate in the play  
23                   of any controlled game in a gambling establishment.

1        (17) “Playing Book” means a record documenting each session of play by  
2        an individual player.

3        ~~(12)~~ (18) “Primary Owner” means the owner specified in subparagraph (A)  
4        of paragraph ~~(11)~~ (15) of this subsection.

5        (19) “Rebate” means a partial return by an authorized player of chips or  
6        money to a patron who has lost the chips or money to the authorized  
7        player through play in a controlled game at a gambling establishment.

8        ~~(13)~~ (20) “Registrant” means a person having a valid registration.

9        ~~(14)~~ (21) “Registration” means a registration issued by the Commission  
10        pursuant to this chapter. There are four registration categories  
11        entitling the holder to participate in the operation of a gambling  
12        business: primary owner, owner, supervisor, and player. All other  
13        employees of the primary owner who are present in the gambling  
14        establishment during the operation of the gambling business shall be  
15        registered as “other employee.” A primary owner issued a playing  
16        badge and an owner issued a playing badge may also perform the  
17        functions of a supervisor or player, and the holder of a supervisor’s  
18        registration or license may also perform the functions of a player. No  
19        registrant, other than an owner issued a playing badge, supervisor, or  
20        player, may possess, direct, or otherwise control currency, chips, or  
21        other wagering instruments used for play as part of the operation of a  
22        gambling business. An individual registered or licensed as an “other  
23        employee” may not function as a player unless and until that  
24        individual applies for and obtains a registration or a license as player.

1           (22) “Session of play” as used in Section 12220.13 (“Playing Book”)  
2           means a continuous work shift performed by a player.

3           (23) “Supervisor” means an individual who, in addition to any  
4           supervisory responsibilities, has authority, on behalf of the primary  
5           owner, to provide or direct the distribution of currency, chips, or other  
6           wagering instruments to affiliated registrants or licensees who are  
7           authorized to play.

8           (24) “Supplemental information package” means all of the documentation  
9           and deposits required by each of the following forms (which are  
10           hereby incorporated by reference) to be submitted to the Commission  
11           in response to a summons issued by the Division pursuant to Section  
12           12220.25:

13           (A) Owners, as defined in Section 12220(b), that are a natural  
14           person shall complete the form Level III Supplemental  
15           Information-Individual (DGC-APP. 034A, New 08/04) for a  
16           level III investigation.

17           (B) Owners, as defined in Section 12220(b), that are not a natural  
18           person shall complete the form Level III Supplemental  
19           Information-Business (DGC-APP. 034B, New 08/04) for a  
20           level III investigation.

21           (C) Supervisors, as defined in Section 12220(b) shall complete the  
22           form Level II Supplemental Information (DGC-APP. 033, New  
23           08/04) for a level II investigation.

1            (D) Other employees, independent contractors, and players shall  
2            complete the form Level I Supplemental Information (DGC-  
3            APP. 032, New 08/04) for a level I investigation.

4 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
5            Code

6 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code  
7

### 8 **Section 12220.1            Certificate**

9 (a) The Commission shall issue a registration or license certificate, as  
10 applicable, to each primary owner.

11 (b) The Commission shall endorse upon each certificate the names of all other  
12 owners affiliated with the primary owner.

13 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
14            Code

15 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code  
16

### 17 **Section 12220.3            Badge**

18 (a) All individuals registered or licensed as primary owners, owners,  
19 supervisors, players, or other employees of the primary owner shall wear in  
20 a prominently visible location a numbered badge issued by the Commission  
21 when present in a gambling establishment during the operation of the  
22 gambling business. If an individual ceases to be employed by or affiliated  
23 with a particular primary owner, that individual shall surrender his or her

1 badge to the primary owner. The primary owner shall notify the  
2 Commission and the Division in writing within 10 days of the change in  
3 status using Change in Status Form for a Gambling Business Registration  
4 (CGCC-541, New 06/04), which is hereby incorporated by reference. Any  
5 primary owner receiving a badge from an individual formerly employed by  
6 or affiliated with the primary owner shall return the badge to the  
7 Commission within 10 days of receiving the badge from the holder.

8 (b) The words “GAMBLING BUSINESS PLAYER REGISTRANT,” “NON-  
9 PLAYER GAMBLING BUSINESS REGISTRANT,” “GAMBLING  
10 BUSINESS PLAYER LICENSEE,” OR “NON-PLAYER GAMBLING  
11 BUSINESS LICENSEE” in capital letters shall be prominently displayed on  
12 the front of the badge. The first name of the registrant or licensee shall  
13 appear on the front of the badge. The full name of the registrant or licensee  
14 shall be printed on the reverse side of the badge, together with the  
15 registrant’s or licensee’s category of registration or licensing as an owner,  
16 supervisor, player, or other employee.

17 (c) On the badge, there shall be displayed the picture of the registrant or  
18 licensee submitted with the application, the badge number, and expiration  
19 date. On the badge there shall be displayed the name of the primary owner  
20 employing the registrant or licensee, which shall be the fictitious business  
21 name, if any, established pursuant to Chapter 5 (commencing with Section  
22 17900) of Part 3 of Division 7 of the Business and Professions Code.

23 (d) Upon renewal of each registration and upon issuance of each registration or  
24 license, authorized players shall be issued a badge of one color; individuals  
25 not authorized to play shall be issued a badge of a distinctly different color.

1 (e) An individual registered or licensed as a player with a particular  
2 primary owner shall apply for and obtain a new badge before beginning to  
3 work for an additional primary owner.

4 (f) Registration, licenses, and badges are specific to the primary owner. A  
5 gambling business cannot be operated without first applying for and  
6 obtaining a registration, license, or badge.

7 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
8 Code

9 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code

10  
11 **Section 12220.5 Replacement of Badge**

12  
13 (a) Upon application, the Executive Director or other person designated by the  
14 Commission shall issue a replacement badge if all of the following  
15 conditions are met:

16 (1) The applicant has a current valid registration or license.

17 (2) The application is complete and has been submitted on the form  
18 Request for Replacement Gambling Business Badge (CGCC-538,  
19 New 06/04), which is hereby incorporated by reference.

20 (3) The applicant has supplied all of the following to the  
21 Commission:

22 (A) A two by two inch color passport-style photograph taken  
23 no more than 30 days before submission to the  
24 Commission of the badge replacement or transfer request.

25 (B) A nonrefundable \$25.00 fee payable to the Commission.

1           (C) The category of the position and information concerning the  
2           primary owner for which the replacement badge is requested:  
3           the name of the primary owner, mailing address, voice  
4           telephone number, facsimile number (if any), and email address  
5           (if any).

6           (D) A statement under penalty of perjury that a replacement badge  
7           is needed due to loss or destruction of the originally issued  
8           badge.

9 (b) A replacement badge issued pursuant to this section shall be valid during the  
10 unexpired term of the previously issued registration or license.

11 (c) Upon issuance of the replacement badge, the previously issued badge for  
12 that gambling business shall become void and shall not be used.

13 (d) Replacement badges shall be issued by the Commission within seven days of  
14 receipt of a complete application.

15 **Authority:** Sections 19811, 19840, 19841, and 19853(a)(3), Business and  
16 Professions Code

17 **Reference:** Section and 19853(a)(3), Business and Professions Code

18  
19 **Section 12220.6           Transfer of Player Registration or License**

20  
21 (a) Upon application, the Executive Director or other person designated by the  
22 Commission shall issue a player transfer badge if all of the following  
23 conditions are met:

24 (1) The applicant has a currently valid registration or license.

1       (2) The application is complete and has been submitted on the form  
2               Request for Transfer of Gambling Business Registration/License  
3               (CGCC-539, New 06/04), which is hereby incorporated by reference.

4       (3) The applicant has supplied all of the following to the  
5               Commission:

6               (A) A two by two inch color passport-style photograph taken  
7                       no more than 30 days before submission to the Commission of  
8                       the badge transfer request.

9               (B) A nonrefundable \$250.00 fee payable to the Commission.

10              (C) The names of the current and future primary owner, mailing  
11                       address, voice telephone number, facsimile number (if any),  
12                       and email address (if any).

13       (b) A transfer badge issued pursuant to this section shall be valid during the  
14               unexpired term of the previously issued registration or license.

15       (c) Upon issuance of the transfer badge, the previously issued badge shall  
16               become void and shall not be used.

17       (d) Transfer badges shall be issued by the Commission within seven days of  
18               receipt of a complete application.

19       **Authority:** Sections 19811, 19840, 19841, and 19853(a)(3), Business and  
20               Professions Code

21       **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code

22  
23       **Section 12220.13      Playing Book**

1 (a) The primary owner shall be responsible for assuring that its players maintain  
2 accurate, complete, and up-to-date playing books for all sessions of play  
3 worked in conformity with regulations of the Commission. The information  
4 in the playing-book record shall be transferred to the primary owner, or a  
5 supervisor designated by the primary owner at the end of each session of  
6 play. The primary owner shall maintain this information in English at a  
7 single location in the State of California, and shall maintain the original  
8 playing book records in the State of California, for at least five years. The  
9 location or locations where the records of this information and the original  
10 playing book records are maintained, and any change therein, shall be  
11 disclosed to the Commission and Division by written notice mailed or  
12 delivered within five business days after establishing or changing such a  
13 location.

14 (b) Playing books shall be prepared and maintained as follows:

15 (1) Playing book forms shall be reviewed and approved or disapproved by  
16 the Division.

17 (2) Each form in the playing book shall be recorded in ink and include,  
18 but not be limited to, the following information:

19 (A) Sequential numbers. Any unused form shall be voided and  
20 maintained in the playing book.

21 (B) Specify the name of the gambling establishment where play  
22 occurred.

23 (C) The date when play occurred.

1           (D) Beginning and ending balances.

2           (E) All fills and credits affecting the balance shall be individually  
3           identified.

4           (F) The printed full name and badge number of the player, which  
5           includes owners, supervisors, and/or players.

6           (G) The table number assigned by the gambling establishment.

7           (H) The specific name of the Division-approved gaming activity.

8           (I) The name of the primary owner.

9           (3) The form for each session of play shall be time-stamped, dated, and  
10           signed under penalty of perjury by the person who prepared it and  
11           shall include a declaration in the following form: "I declare under  
12           penalty of perjury under the laws of the State of California that the  
13           foregoing is true and correct."

14           **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
15           Code

16           **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code

17  
18           **Section 12220.14. Organization Chart and Employee Report**

19  
20           (a) No later than September 1, 2004, each registered or licensed primary owner  
21           shall submit a current organization chart and a listing of all employees and  
22           independent contractors to the Division and the Commission. The listing of

1 employees shall be submitted on the form Gambling Business Employee and  
2 Independent Contractor Report (CGCC-540, New 06/04), which is hereby  
3 incorporated by reference.

4 (b) Upon renewal of the registration or license and six months thereafter, each  
5 registered or licensed primary owner shall submit an updated organization  
6 chart and a listing of all employees to the Division and the Commission.

7 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
8 Code

9 **Reference:** Section 19853(a)(3), Business and Professions Code

## 11 **Section 12220.15 Transfers and Sales**

12 (a) No individual who is an owner shall in any manner transfer any interest in  
13 the proposition player services operation to any person, firm, or corporation  
14 until the proposed transferee or transferees have made application for and  
15 obtained registration or licensing as an owner from the Commission.  
16 Applications for a transfer of the interest shall be made by the transferee  
17 applying for registration or licensing under this regulation. Evidence of the  
18 transferor's agreement to transfer the interest shall accompany the  
19 application for registration or licensing.

20 (b) If applicable, the proposed articles of incorporation and sales and transfer  
21 agreement shall be submitted to the Commission for approval prior to  
22 submission of any application.

1 (c) The effective date of the sale shall be at least 90 days after receipt of the  
2 application, or such other shorter time period as shall be set by the Executive  
3 Director with the agreement of the applicant.

4 (d) The primary owner shall notify the Division and the Commission in writing  
5 within ten days of any change to the organization chart.

6 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
7 Code

8 **Reference:** Section 19853(a)(3), Business and Professions Code

9  
10 **Section 12220.16. Inspections and Investigations**

11 (a) When requested by a representative of the Division, a registrant or licensee  
12 shall immediately permit the Division representative, in accordance with the  
13 request, to inspect, copy, or audit all requested documents, papers, books,  
14 and other records of the registrant or licensee related to the gambling  
15 business. If the records are maintained in electronic form and the registrant  
16 or licensee is requested to do so, the registrant or licensee shall provide a  
17 printed copy in English pursuant to this section within 24 hours of the  
18 request.

19 (b) If requested in writing by the Executive Director, the Division shall conduct  
20 an inspection or investigation of a registrant or a licensee. Within 30 days  
21 of receipt of the request, the Division shall advise the Executive Director in  
22 writing of the status of the inspection or investigation and shall also provide  
23 an estimated date on which the inspection or investigation may reasonably

1 be expected to be concluded. Upon completion of the inspection or  
2 investigation, the Division shall provide a final written report to the  
3 Executive Director.

4 (c) Nothing in this chapter precludes Commission staff from carrying out their  
5 duties under applicable statutes and regulations.

6 (d) All records required by this chapter shall be maintained in English, in  
7 California, for at least five years.

8 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
9 Code

10 **Reference:** Section 19853(a)(3), Business and Professions Code

## 12 **Section 12220.17 Emergency Orders**

13 Registrants and licensees under this chapter shall be subject to emergency orders  
14 under Business and Professions Code section 19931.

15 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
16 Code

17 **Reference:** Section 19853(a)(3), Business and Professions Code

## 19 **Section 12220.18 Revocation**

- 1 The Commission may revoke a registration or license, upon any of the following  
2 grounds, after a hearing conducted pursuant to the same procedures applicable to  
3 the revocation of a gambling establishment license:
- 4 (a) The registrant or licensee committed, attempted to commit, or conspired to  
5 commit any acts prohibited by the Gambling Control Act or this chapter.
- 6 (b) Any act or omission by the registrant that would disqualify the registrant  
7 from obtaining registration under this chapter. Any act or omission by the  
8 licensee that would disqualify the licensee from obtaining licensing under  
9 this chapter.
- 10 (c) The registrant or licensee engaged in any dishonest, fraudulent, or unfairly  
11 deceptive activities in connection with controlled gambling, including any  
12 violation of laws related to cheating.
- 13 (d) The registrant or licensee failed or refused to comply with the requirements  
14 of Section 12200.16 (Inspections and Investigations).
- 15 (e) The registrant or licensee failed or refused to comply with the requirements  
16 of Section 12200.14 (Organization Chart and Employee Report).
- 17 (f) The registrant or licensee concealed or refused to disclose any material fact  
18 in any inquiry by the Division or the Commission.
- 19 (g) The registrant or licensee committed, attempted, or conspired to commit any  
20 embezzlement or larceny against a gambling business registrant or licensee  
21 or holder of a state gambling license or upon the premises of a gambling  
22 establishment.

1 (h) The registrant or licensee has been lawfully excluded from being present  
2 upon the premises of any licensed gambling establishment for any reason  
3 relating to cheating or any violation of the Gambling Control Act by the  
4 registrant.

5 (i) The registrant or licensee buys or sells chips outside the cage, except for  
6 exchanging with a patron chips of one denomination for chips of another  
7 denomination.

8 (j) The registrant or licensee lends money or chips to gambling establishment  
9 patrons or proposition players, except for exchanging with a patron chips of  
10 one denomination for chips of another denomination.

11 (k) The primary owner or any other owner knowingly permitted one or more of  
12 the owner's supervisors or players to commit any act described in  
13 subsections (a) to (j), inclusive.

14 (l) The primary owner or any other owner knew, or failed to implement  
15 reasonable oversight procedures that would have apprised the owner, that  
16 one or more of the registrants or licensees was in violation of one or more  
17 provisions of this chapter or of the Gambling Control Act and failed or  
18 refused to take action to prevent the recurrence of the violation or violations.

19 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
20 Code

21 **Reference:** Section 19853(a)(3), Business and Professions Code

1 **Section 12220.20 Annual Fee**

2 (a) No later than September 1 of each year, beginning September 1, 2004, each  
3 registered or licensed primary owner shall submit to the Commission the  
4 annual fee set forth in subsection (c) of this section, based on the total  
5 number of registrations or licenses affiliated with that primary owner on the  
6 immediately preceding August 15. The payment due September 1, 2004  
7 shall be based on the total number of registrations affiliated with the primary  
8 owner on August 15, 2004.

9 (b) Within 30 days of approval of any request to convert a registration to a  
10 license, the Commission shall notify the licensee of any additional fees owed  
11 for the term of the license granted, allowing pro rata credit on a monthly  
12 basis for any annual fee paid in connection with a registration that has not  
13 expired.

14  
15 (c) The annual fee shall be computed based on the following schedule reflecting  
16 the total number of registrants or licensees affiliated with a particular  
17 primary owner on the date of assessment:

| <u>Category</u> | <u>Number of Registrants</u> | <u>Fee Per Registrant</u> |
|-----------------|------------------------------|---------------------------|
|                 | <u>or Licensees</u>          | <u>or Licensee</u>        |
| <u>A</u>        | <u>1—5</u>                   | <u>\$2800</u>             |
| <u>B</u>        | <u>6--35</u>                 | <u>\$3050</u>             |
| <u>C</u>        | <u>36--175</u>               | <u>\$3300</u>             |

1 D 176—400 \$3550

2

3 E 401--900 \$3800

4

5 F 901--1200 \$4050

6

7 G 1201 or more \$4300

8

9 (d) (1) Upon advance written approval by the Executive Director, installment  
10 payments submitted prior to conversion to licensure shall be permitted as  
11 follows: one-third of the annual fee to be submitted no later than September  
12 1, one-third no later than December 1, and the balance no later than  
13 March 1.

14 (2) Upon advance written approval by the Executive Director, installment  
15 payments submitted after conversion to licensure shall be permitted as  
16 follows: one-third of the annual fee to be submitted prior to issuance  
17 of the license, one-third to be submitted three months thereafter, and  
18 one-third to be submitted six months thereafter.

19 (e) Refunds shall not be available in the event of a subsequent decrease in the  
20 number of registrants or licensees upon which the annual fee payment was  
21 based.

22 (f) Following assessment of the annual fee, if the primary owner increases the  
23 number of its registrants or licensees above the number upon which the  
24 annual fee assessment was based, the primary owner shall submit to the  
25 Commission the additional per player fee set forth in subsection (c) of this

1 section. No new badges will be issued until the additional per player fee has  
2 been received by the Commission.

3 (g) No renewal application shall be accepted by the Commission until any  
4 delinquent annual fees have been paid in full.

5 **Authority:** Sections 19801, 19811, 19823, 19824, 19840, 19841, and  
6 19853(a)(3), Business and Professions Code

7 **Reference:** Section 19853(a)(3), Business and Professions Code

8  
9 **Section 12220.21 Compliance**

10 (a) Registrants and licensees shall comply with game rules approved by the  
11 Division, including but not limited to, the rules regarding player-dealer  
12 rotation and table wagering. No registrant or licensee shall be accorded any  
13 preference by the house over other players.

14 (b) Only an authorized player may possess, direct, or otherwise control  
15 currency, chips, or other wagering instruments used for play in the operation  
16 of the gambling business.

17 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
18 Code

19 **Reference:** Section 19853(a)(3), Business and Professions Code

20  
21 **Section 12220.23 Exclusion**

1 (a) In order to promote the purposes of the Gambling Control Act to provide for  
2 effective regulation of gambling enterprises, owner-licensees of gambling  
3 establishments shall notify the Commission and Division of, and may  
4 exclude from the gambling establishment, any person that the owner-  
5 licensee reasonably believes is conducting a gambling business within the  
6 gambling establishment without having been registered under this chapter.  
7 An owner-licensee acting under this section shall notify the Commission and  
8 Division in writing of any such unregistered person and any such exclusion,  
9 including the identity of the excluded individuals and entity if known, within  
10 10 business days following the exclusion. Upon receiving such notice of an  
11 unregistered person, the Commission shall notify the person in writing of the  
12 registration requirement of this chapter and shall notify all owner-licensees  
13 of the name of the unregistered person, if known and may condition any  
14 subsequent registration of the person under this chapter or Chapter 2.1 of  
15 this title upon a 60 to 90 day suspension of registration or payment of a civil  
16 penalty under Business and Professions Code section 19930(c), or both.

17 (b) An owner-licensee of a gambling establishment may exclude any registered  
18 or licensed gambling business upon providing notification to the  
19 Commission and Division in writing within five days following the  
20 exclusion.

21 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
22 Code

23 **Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code  
24

25

1 **Article 2. Registration**

2 **Section 12220.25 Transition to Licensing**

- 3 (a) The Division shall summon persons registered as primary owners, owners,  
4 supervisors, players, and other employees for the purpose of applying for  
5 licenses under this chapter. The Division shall summon primary owners,  
6 owners, supervisors, players, and other employees as expeditiously as  
7 possible in light of available program resources. The registration of any  
8 registrant that fails or refuses to submit a Request for Conversion of a  
9 Gambling Business Registration to a License (CGCC-537, New 06/04))(see  
10 section 12233(c) including any fees to the Commission within 30 days of  
11 receiving a summons from the Division shall expire by operation of law on  
12 the following day. Prior to and during review of a request to convert a  
13 registration to a license, a registration shall remain valid and may be  
14 renewed by the registrant as necessary, upon application and approval of  
15 renewal of registration.
- 16 (b) If the registration expires by operation of law, the former registrant shall  
17 submit a new request to convert a registration to a license and a new  
18 nonrefundable application fee.
- 19 (c) The transition from registration to licensing for applications approved prior  
20 to April 30, 2004, shall be completed no later than July 1, 2007.
- 21 (d) A request to convert a registration to a license shall require only payment of  
22 a sum of money that, in the judgment of the Director of the Division, will be  
23 adequate to pay the anticipated investigation and processing costs, in  
24 accordance with Business and Professions Code section 19867.

1 (e) If a license is issued, it will expire as provided in Section 12237 (Term of  
2 License).

3 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
4 Code

5 Reference: Section 19853(a)(3), Business and Professions Code  
6

## 7 **Section 12221. Registration**

8 (a) On and after March 5, 2004, no person may engage in a gambling business  
9 as an owner or as an employee or independent contractor of an owner, nor  
10 may any person obtain a badge as required by Section ~~12226~~ 12220.3  
11 without a current valid registration issued by the Commission. Persons  
12 registered to provide proposition player services under Chapter 2  
13 (commencing with Section 12200) of this title are not required to register  
14 under this chapter to provide proposition player services pursuant to one or  
15 more proposition player contracts approved by the Division pursuant to  
16 Section ~~12208~~ 12200.9 of this title.

17 (b) Registration shall be issued for a period of one year.

18 (c) Registration under this Article or its predecessor shall not create any vested  
19 right licensing under Article 3 of this chapter or any successor provision.

20 ~~(e)~~(d) If a primary owner is a corporation, partnership, or other business entity,  
21 each owner and individual having a relationship to that entity specified in  
22 Business and Professions Code section 19852, subdivisions (a) to (h),

1 inclusive, shall individually apply for and obtain registration as an owner  
2 listed on the business entity's registration certificate.

3 ~~(d)~~(e) Any application for registration of any person, other than as the primary  
4 owner, shall designate the primary owner or owners that will employ the  
5 applicant or with whom the applicant otherwise will be affiliated. The  
6 registration certificate issued to any person, other than the primary owner,  
7 shall specify the name of the registered primary owner that employs the  
8 applicant or with whom the applicant is otherwise affiliated.

9 (f) If the application is for registration as a supervisor, player, or other  
10 employee, the primary owner that will employ the applicant shall be  
11 currently registered under this chapter.

12  
13 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
14 Code

15  
16 **Reference:** Section 19853(a)(3), Business and Professions Code

## 17 18 **Section 12222. Application for Registration**

19 (a) The application for registration shall designate whether registration is  
20 requested as a primary owner, other owner, or employee or independent  
21 contractor of the primary owner. The application shall be signed by the  
22 individual applicant and the designated agent, or, if the applicant is a  
23 business entity, by the chief executive officer or other designated officer of  
24 the business entity.

- 1 (b) An application for registration shall include all of the following:
- 2 (1) Payment of a nonrefundable application fee in the amount of five  
3 hundred dollars (\$500).
- 4 (2) A completed Application for Gambling Business Registration  
5 (~~CGCC-037, rev. 02/04~~) (CGCC-535, Rev. 06/04), which is hereby  
6 incorporated by reference.
- 7 (3) A properly completed Request for Live Scan Service (California  
8 Department of Justice Form BCII 8016, rev. 4/01) of an applicant that  
9 is an individual, confirming that the applicant's fingerprints have been  
10 submitted to the Bureau for an automated background check and  
11 response.
- 12 (4) Two (2) two-by-two inch color passport-style photographs of an  
13 applicant that is an individual taken no more than one year before  
14 submission of the application to the Commission.
- 15 (c) An applicant shall submit such supplemental information as may be required  
16 by the ~~Commission~~ form Gambling Business Registration Supplemental  
17 Information (~~CGCC-038, rev. 02/04~~) (CGCC-536, Rev. 06/04), which is  
18 hereby incorporated by reference, or by the Division as necessary for  
19 completion of its review as provided in this chapter.
- 20 (d) An applicant for registration shall make full and true disclosure of all  
21 information to the Commission and Division as required for the application  
22 and as requested by the Commission or Division to carry out the policies of  
23 this state relating to controlled gambling.

1 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
2 Code

3 **Reference:** Sections 19853(a)(3) and 19951(a), Business and Professions Code

#### 4 **Section 12223. Processing of Applications**

- 5 (a) The Executive Director shall notify the applicant in writing within fifteen  
6 business days of receiving the application, that the application or  
7 resubmitted application is complete and accepted for filing, or that the  
8 application or resubmitted application is deficient. If an application for  
9 registration is incomplete, the Executive Director shall request in writing any  
10 information needed in order to complete the application. The applicant shall  
11 be permitted at least 60 but no more than 90 days in which to furnish the  
12 information. If the applicant fails to respond to the request, the application  
13 shall be deemed abandoned and no further action will be taken on it.
- 14 (b) Upon determination that an application for registration is complete, the  
15 application shall be processed within 60 days and the Executive Director  
16 shall either issue the registration and, if applicable, the badge applied for or  
17 shall notify the applicant of denial and the grounds therefor under Section  
18 12224. However, this time may be extended by the Executive Director for  
19 no more than 30 additional days if necessary to obtain information required  
20 to determine eligibility. The Executive Director shall promptly notify the  
21 applicant in writing of any such delay, including the length of the extension.

1 (c) If the applicant submits a request for withdrawal of his or her application to  
2 the Commission, the application shall be deemed abandoned and no further  
3 action will be taken on it.

4 (d) The Commission shall provide written notice of abandonment of an  
5 application to the applicant and the Division. If the application is for  
6 registration as other than the primary owner, the Commission shall also  
7 provide written notice of abandonment of the application to the primary  
8 owner.

9 (e) Nothing in this chapter shall require the Commission or Division to divulge  
10 to the applicant any confidential information received from any law  
11 enforcement agency or any information received from any person with  
12 assurances that the information would be maintained as confidential, and  
13 nothing in this chapter shall require the Commission or Division to divulge  
14 any information that might reveal the identity of any source of information  
15 or jeopardize the safety of any person.

16 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
17 Code

18 **Reference:** Section 19853(a)(3), Business and Professions Code

19

## 20 **Section 12224. Ineligibility for Registration**

21 An applicant shall be ineligible for registration for any of the following causes:

- 1 (a) Except for an individual seeking registration as “other employee,” an  
2 individual applicant is under the age of 21.
- 3 (b) The applicant has been convicted of any felony, including a conviction in a  
4 court of the United States or any other state of an offense that is classified as  
5 a felony by the laws of this state.
- 6 ~~(b)~~(c) The applicant has, within the ten year period immediately preceding the  
7 submission of the application, been convicted of a misdemeanor involving a  
8 firearm or other deadly weapon, gaming or gaming-related activities  
9 prohibited by Chapter 9 (commencing with Section 319) or Chapter 10  
10 (commencing with section 330) of Title 9 of Part 1 of the Penal Code,  
11 violations of the Gambling Control Act, or dishonesty or moral turpitude,  
12 not including convictions which have been expunged or dismissed as  
13 provided by law.
- 14 ~~(c)~~(d) The applicant has been subject to a final administrative or judicial  
15 adjudication revoking a registration under this chapter or a state gambling  
16 license, key employee license, work permit or finding of suitability or has  
17 had an application denied under this chapter or the Gambling Control Act.
- 18 ~~(d)~~(e) The applicant would be ineligible for a state gambling license under any of  
19 the criteria set forth in Business and Professions Code section 19859,  
20 subdivisions (b), (e), or (f), ~~or (e)~~, the terms of which are incorporated by  
21 reference and hereby expressly made applicable to applications for  
22 registration under this chapter.
- 23 ~~(e)~~(f) The applicant would be ineligible for a state gambling license under  
24 Business and Professions Code section 19858, the terms of which are

1 incorporated by reference and hereby expressly made applicable to  
2 applications for registration under this chapter.

3 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
4 Code

5 **Reference:** Section 19853(a)(3), Business and Professions Code

## 6 **Section 12225. Cancellation of Registration**

7 (a) Any registration issued in accordance with this chapter shall be subject to  
8 cancellation pursuant to this section. A registration shall be cancelled if the  
9 Commission determines upon a noticed hearing that the registrant is  
10 ineligible for registration, has failed in the application for registration to  
11 reveal any fact material to the holder's qualification for registration, or has  
12 supplied information in the registration application that is untrue or  
13 misleading as to a material fact pertaining to the criteria for issuance of  
14 registration.

15 (b) If the Commission finds that any of the circumstances set forth in subsection  
16 (a) apply, then the Executive Director shall immediately do all of the  
17 following:

18 (1) Provide written notice to the registrant and the Division of the  
19 cancellation of the registration and the grounds thereof, and provide  
20 written notice of the cancellation to the primary owner, if the  
21 registrant is not the primary owner and to all gambling establishments.

22 (2) Notify the registrant, if an individual, that he or she is required to  
23 surrender the registrant's badge to the Commission not more than ten

1 days following the date that the notice of the cancellation was mailed  
2 or such greater time as is authorized by the Executive Director.

3 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
4 Code.

5 **Reference:** Section 19853(a)(3), Business and Professions Code

## 6 **Section 12226. Badge**

7 ~~All individuals registered under this chapter shall wear in a prominently visible  
8 location a numbered badge issued by the Commission when present in a gambling  
9 establishment during the conduct of the registrant's gambling business. The words  
10 "GAMBLING BUSINESS REGISTRANT" in capital letters shall be prominently  
11 displayed on the badge above the picture of the registrant submitted with the  
12 application and the badge number, registrant's first name, and expiration date. The  
13 registrant's full name shall be printed on the reverse side of the badge.~~

14 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
15 Code

16 **Reference:** Section 19853(a)(3), Business and Professions Code

## 17 **Section 12227. Transfers and Sales**

18 ~~No individual who is an owner shall in any manner transfer any interest in the  
19 gambling business to any person, firm, or corporation not then an owner of an  
20 interest therein, and such a transfer shall not become effective for any purpose,  
21 until the proposed transferee or transferees have made application for and obtained  
22 registration as an owner from the Commission. Applications for a transfer of the~~

1 ~~interest shall be made by the transferee applying for registration under this~~  
2 ~~regulation. Evidence of the transferor's agreement to transfer the interest shall~~  
3 ~~accompany the application for registration.~~

4 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
5 Code

6 **Reference:** Section 19853(a)(3), Business and Professions Code

7

## 8 **Section 12228. Inspections**

9 ~~When requested by a representative of the Commission or Division, a registrant~~  
10 ~~shall immediately permit the Commission or Division representative, in~~  
11 ~~accordance with the request, to inspect, copy, or audit all requested documents,~~  
12 ~~papers, books, and other records of the registrant related to the gambling business.~~  
13 ~~If the records are maintained in electronic form and the registrant is requested to do~~  
14 ~~so, the registrant shall provide a printed copy pursuant to this section.~~

15 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
16 Code

17 **Reference:** Section 19853(a)(3), Business and Professions Code

## 18 **Section 12229. Compliance**

19 ~~(a) Each primary owner shall remit such fees to defray the costs of compliance~~  
20 ~~review and enforcement in the field as may be required by regulation of the~~  
21 ~~Division.~~

1 ~~(b) No more than one registrant of a single gambling business shall~~  
2 ~~simultaneously play at a table.~~

3 ~~(c) Registrants shall comply with game rules approved by the Division~~  
4 ~~regarding player-dealer rotation and table wagering. No registrant shall be~~  
5 ~~accorded any preference by the house over any other player. For purposes~~  
6 ~~of this subsection, "preference" means and is limited to both of the~~  
7 ~~following if sanctioned by house rule or otherwise directed by the house~~  
8 ~~or its employees:~~

9 ~~(1) Any priority in the continuous and systematic rotation of the deal,~~  
10 ~~as required by Penal Code section 330.11, such that a registrant~~  
11 ~~becomes entitled by reason of the priority to occupy the player-~~  
12 ~~dealer position more often than other players.~~

13 ~~(2) Any advantage to the registrant over other players in the placement of~~  
14 ~~wagers.~~

15 ~~(d) No gambling business in which the house has any financial interest may play~~  
16 ~~in the house.~~

17 ~~(e) No registrant may play in any a gambling establishment for which the~~  
18 ~~registrant holds a state gambling license, key employee license, or work~~  
19 ~~permit.~~

20 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
21 Code

22 **Reference:** Section 19853(a)(3), Business and Professions Code

## 23 **Section 12230. Revocation**

1 ~~The Commission may revoke a registration upon any of the following grounds,~~  
2 ~~after a hearing conducted pursuant to the same procedures applicable to revocation~~  
3 ~~of gambling establishment licenses:~~

4 ~~(a) The registrant committed, attempted to commit, or conspired to commit any~~  
5 ~~acts prohibited by the Gambling Control Act or this chapter.~~

6 ~~(b) Any act or omission by the registrant that would disqualify the registrant~~  
7 ~~from obtaining registration under this chapter.~~

8 ~~(c) The registrant engaged in any dishonest, fraudulent, or unfairly deceptive~~  
9 ~~activities in connection with controlled gambling, including any violation of~~  
10 ~~laws related to cheating.~~

11 ~~(d) The registrant failed or refused to comply with the requirements of Section~~  
12 ~~42228.~~

13 ~~(e) The registrant concealed or refused to disclose any material fact in any~~  
14 ~~inquiry by the Division or the Commission.~~

15 ~~(f) The registrant committed, attempted, or conspired to commit any~~  
16 ~~embezzlement or larceny against a gambling licensee or upon the premises~~  
17 ~~of a gambling establishment.~~

18 ~~(g) The registrant has been lawfully excluded from being present upon the~~  
19 ~~premises of any licensed gambling establishment for any reason relating to~~  
20 ~~cheating or any violation of the Gambling Control Act by the registrant.~~

1 ~~(h) The primary owner or any other owner knowingly permitted one or more of~~  
2 ~~the employees or independent contractors of the gambling business to~~  
3 ~~commit any act described in subsections (a) to (f), inclusive.~~

4 ~~(i) The primary owner or any other owner knew, or failed to implement~~  
5 ~~reasonable oversight procedures that would have apprised the owner, that~~  
6 ~~one or more of the employees or independent contractors of the gambling~~  
7 ~~business was in violation of one or more provisions of this chapter or of the~~  
8 ~~Gambling Control Act and failed or refused to take action to prevent the~~  
9 ~~recurrence of the violation or violations.~~

10 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
11 Code

12 **Reference:** Section 19853(a)(3), Business and Professions Code

### 13 **Section 12231. Emergency Orders**

14 ~~Registrants under this chapter shall be subject to emergency orders under Business~~  
15 ~~and Professions Code section 19931.~~

16 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
17 Code

18 **Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code

### 19 **Section 12232. Exclusion**

20 ~~(a) In order to promote the purposes of the Gambling Control Act to provide for~~  
21 ~~effective regulation of gambling enterprises, owner licensees of gambling~~

1 ~~establishments shall notify the Commission and Division of, and may~~  
2 ~~exclude from the gambling establishment, any person that the owner-~~  
3 ~~licensee reasonably believes is conducting a gambling business within the~~  
4 ~~gambling establishment without having been registered under this chapter.~~  
5 ~~An owner licensee acting under this section shall notify the Commission and~~  
6 ~~Division in writing of any such unregistered person and any such exclusion,~~  
7 ~~including the identity of the excluded individuals and entity if known, within~~  
8 ~~10 business days following the exclusion. Upon receiving such notice of an~~  
9 ~~unregistered person, the Commission shall notify the person in writing of the~~  
10 ~~registration requirement of this chapter and shall notify all owner licensees~~  
11 ~~of the name of the unregistered person, if known and may condition any~~  
12 ~~subsequent registration of the person under this chapter or Chapter 2.1 of~~  
13 ~~this title upon a 60 to 90 day suspension of registration or payment of a civil~~  
14 ~~fine penalty under Business and Professions Code section 19930(c), or both.~~

15 ~~(b) An owner licensee of a gambling establishment may exclude any registered~~  
16 ~~gambling business upon providing notification to the Commission and~~  
17 ~~Division in writing within five days following the exclusion.~~

18 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
19 Code

20 **Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code

## 21 ARTICLE 3. LICENSING

### 22 Section 12233. Request to Convert Registration to License

- 1 (a) A request to convert a registration to a license shall be submitted only in  
2 response to a written summons from the Division to a primary owner  
3 pursuant to Section 12220.25. Each primary owner's request shall be  
4 accompanied by the requests of all affiliated owners, supervisors, players,  
5 and other employees.
- 6 (b) The request to convert a registration to a license shall designate whether the  
7 license is requested as a primary owner, other owner, supervisor, player, or  
8 other employee. The request shall be signed by the individual requester or,  
9 if the requester is a business entity, by the chief executive officer or other  
10 designated officer of the business entity.
- 11 (c) The request to convert a registration to a license shall include all of the  
12 following:
- 13 (1) A completed Request for Conversion of a Gambling Business  
14 Registration to a License (CGCC-537, New 06/04), which is hereby  
15 incorporated by reference.
- 16 (2) Two (2) two-by-two inch color passport-style photographs of a  
17 requester that is an individual taken no more than 30 days before  
18 submission of the request to the Commission.
- 19 (3) The supplemental information package.
- 20 (4) A sum of money that, in the judgment of the Director of the Division,  
21 will be adequate to pay the anticipated investigation and processing  
22 costs, in accordance with Business and Professions Code section  
23 19867.

1 (d) Nothing in this chapter shall require the Commission or Division to divulge  
2 to the requester any confidential information received from any law  
3 enforcement agency or any information received from any person with  
4 assurances that the information would be maintained as confidential.  
5 Nothing in this chapter shall require the Commission or Division to divulge  
6 any information that might reveal the identity of any source of information  
7 or jeopardize the safety of any person.

8 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
9 Code

10 **Reference:** Section 19853(a)(3), Business and Professions Code

11  
12 **Section 12234**                      **Withdrawal of Request to Convert**  
13    **Registration to License**

14  
15 (a) A request for withdrawal of a request to convert a registration to a license  
16 may be made at any time prior to final action upon the request by the  
17 Director by the filing of a written request to withdraw with the Commission.  
18 For the purposes of this section, final action by the Division means a final  
19 determination by the Director regarding his or her recommendation on the  
20 request to the Commission.  
21 (b) The Commission shall not grant the request unless the requester has  
22 established that withdrawal of the request would be consistent with the  
23 public interest and the policies of the Gambling Control Act and this chapter.  
24 If a request for withdrawal is denied, the Division may go forward with its  
25 investigation and make a recommendation to the Commission upon the

1 request, and the Commission may act upon the request to convert as if no  
2 request for withdrawal had been made.

3 (c) If a request for withdrawal is granted with prejudice, the requester thereafter  
4 shall be ineligible to renew its request until the expiration of one year from  
5 the date of the withdrawal. Unless the Commission otherwise directs, no  
6 payment relating to any request is refundable by reason of withdrawal of  
7 request.

8 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
9 Code

10 **Reference:** Sections 19853(a)(3) and 19869, Business and Professions Code

11  
12 **Section 12235 Processing Times--Request to Convert**

13 **Registration to License**

14  
15 (a) Except as provided in subsection (b), a request to convert a registration to  
16 license submitted pursuant to this chapter shall be processed within the  
17 following timeframes:

18  
19 (1) The maximum time within which the Commission shall notify the  
20 applicant in writing that a request or a resubmitted request is complete  
21 and accepted for initial processing by the Commission, or that a  
22 request or a resubmitted requested is deficient and identifying what  
23 specific additional information is required, is 20 days after receipt of  
24 the request. For the purposes of this section, “request” means the  
25 form Request for Conversion of a Gambling Business Registration to  
26 a License (CGCC-537, New 06/04), which was incorporated by

1 reference in Section 12233. A request is not complete unless  
2 accompanied by (1) a copy of the summons from the Division setting  
3 a deadline for filing the request with the Commission and (2) the  
4 supplemental information package required by section 12233(c)(3) for  
5 review by the Division pursuant to paragraph (3) of this subsection for  
6 persons affiliated with the primary owner to whom the summons was  
7 addressed. The supplemental information shall not be reviewed for  
8 completeness by the Commission.

9  
10 (2) A request and the supplemental information package shall be  
11 forwarded by the Commission to the Division for processing within  
12 10 days of the date that the Commission determines that the request is  
13 complete.

14  
15 (3) The Division shall review the supplemental information package  
16 submitted for completeness and notify the applicant of any deficiencies in  
17 the supplemental information package, or that the supplemental  
18 information package is complete, within 45 days of the date that the  
19 request and supplemental information package are received by the  
20 Division from the Commission. Notwithstanding this subsection,  
21 subsequent to acceptance of the supplemental information package as  
22 complete, the Division may, pursuant to Business and Professions Code  
23 section 19866, require the requester to submit additional information.

24 (4) Pursuant to Business and Professions Code section 19868, the  
25 Division shall, to the extent practicable, submit its recommendation to  
26 the Commission within 180 days after the date the Division is in

1 receipt of both the completed request pursuant to paragraph (2) of this  
2 subsection and the completed supplemental information package  
3 pursuant to paragraph (3) of this subsection. If the Division has not  
4 concluded its investigation within 180 days, then it shall inform the  
5 applicant and the Commission in writing of the status of the  
6 investigation and shall also provide the applicant and the Commission  
7 with an estimated date on which the investigation may reasonably be  
8 expected to be concluded.

9  
10 (5) The Commission shall grant or deny the request within 120 days after  
11 receipt of the final written recommendation of the Division  
12 concerning the request, except that the Commission may notify the  
13 applicant in writing that additional time, not to exceed 30 days, is  
14 needed.

15  
16 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
17 Code

18 **Reference:** Sections 19853(a)(3), Business and Professions Code

19  
20 **Section 12236 Ineligibility for Licensing**

21 A requester shall be ineligible for licensing for any of the following causes:

22 (a) Except for an individual seeking licensing as “other employee,” an  
23 individual applicant is under the age of 21.

- 1 (b) The requester has been convicted of any felony, including a conviction in a  
2 court of the United States or any other state of an offense that is classified as  
3 a felony by the laws of this state.
- 4 (c) The requester has, within the ten year period immediately preceding the  
5 submission of the request to convert, been convicted of a misdemeanor  
6 involving a firearm or other deadly weapon, gaming or gaming-related  
7 activities prohibited by Chapter 9 (commencing with Section 319) or  
8 Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal  
9 Code, violations of the Gambling Control Act, or dishonesty or moral  
10 turpitude.
- 11 (d) If the request to convert is for licensing as an owner, supervisor, or player,  
12 the requester has been subject to a final administrative or judicial  
13 adjudication revoking a registration or license under this chapter or a state  
14 gambling license, key employee license, work permit or finding of  
15 suitability or has had an application denied under this chapter or the  
16 Gambling Control Act.
- 17 (e) The requester would be ineligible for a state gambling license under any of  
18 the criteria set forth in Business and Professions Code section 19859,  
19 subdivisions (b), (e), or (f), the terms of which are incorporated by reference  
20 and hereby expressly made applicable to requests to convert under this  
21 chapter.
- 22 (f) The requester would be ineligible for a state gambling license under  
23 Business and Professions Code section 19858, the terms of which are

1 incorporated by reference and hereby expressly made applicable to  
2 applications for registration under this chapter.

3 (g) The applicant is ineligible based on any other provision of law.

4 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
5 Code

6 **Reference:** Sections 19853(a)(3), Business and Professions Code

7 **Section 12237 Term of License**

8 All initial licenses shall be issued for a period of two years. Due to nonrecurring  
9 workload problems associated with the processing of the first round of requests to  
10 convert registrations to licenses, all other initial licenses that are granted within  
11 three years of the effective date of these regulations shall be issued for a period of  
12 two years. Beginning July 1, 2007, all licenses other than player licenses shall be  
13 issued for a period of one year, except as otherwise provided by a subsequently  
14 adopted regulation of the Commission.

15  
16 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions  
17 Code

18 **Reference:** Section 19853(a)(3), Business and Professions Code