

**TITLE 4.**  
**CALIFORNIA GAMBLING CONTROL COMMISSION**  
**NOTICE OF PROPOSED REGULATORY ACTION**  
**AND PUBLIC COMMENT PERIOD CONCERNING**  
**REMOTE CALLER BINGO; COMMISSION AUTHORIZATION OF**  
**ELIGIBLE ORGANIZATIONS**  
**CGCC-GCA-2014-01-R**

**NOTICE IS HEREBY GIVEN** that the California Gambling Control Commission (Commission) is proposing to take the action described in the Informative Digest.

**NO PUBLIC HEARING SCHEDULED**

At this time, the Commission has not scheduled a public hearing. Any interested person, or his or her authorized representative, may request a hearing pursuant to Government Code section 11346.8. A request for a hearing should be directed to the person(s) listed under Contact Persons and must be received no later than 15 days prior to the close of the written comment period.

**WRITTEN COMMENT PERIOD**

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Commission at any time during the 45-day public comment period, which closes on March 10, 2014.

Written comments relevant to the proposed regulatory action, including those sent by mail, facsimile, or e-mail, may be submitted to the Commission at any time during the public comment period. To be eligible for the Commission's consideration, all written comments must be **received at its office no later than 5:00 p.m. on March 10, 2014**. Written comments should be directed to one of the individuals designated in this notice as a contact person. **Comments sent to persons and/or addresses other than those specified under Contact Persons, or received after the date and time specified above, will be included in the record of this proposed regulatory action, but will not be summarized or responded to regardless of the manner of transmission.**

**ADOPTION OF PROPOSED ACTION**

After the close of the public comment period, the Commission, upon its own motion or at the instance of any interested party, may thereafter formally adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit oral or written

testimony related to this proposal or who have requested notification of any changes to the proposal.

### **AUTHORITY AND REFERENCE**

Pursuant to the authority vested by section 19850.5 of the Business and Professions Code and section 326.3 of the Penal Code; and to implement, interpret or make specific section 326.3 of the Penal Code, the Commission is proposing to adopt the following changes to Chapter 8 of Division 18 of Title 4 of the California Code of Regulations:

### **INFORMATIVE DIGEST AND POLICY STATEMENT OVERVIEW**

#### **INTRODUCTION:**

The Commission is the state agency charged with the administration and implementation of the California Gambling Control Act (Act).<sup>1</sup> The Commission is authorized to adopt regulations governing the operation of remote caller bingo in California.<sup>2</sup> Specifically, the Commission is mandated by the Penal Code<sup>3</sup> to authorize organizations that meet statutory requirements<sup>4</sup> before those organizations may conduct a remote caller bingo game.

While a process to authorize organizations applying to conduct remote caller bingo games was previously established, the need to update this process has become apparent. As the program has progressed, the Commission and the Bureau of Gambling Control (Bureau)<sup>5</sup> have recognized that the review of the annual submission of the Statement of Eligibility to Conduct Remote Caller Bingo, BGC-618, is an administrative activity that does not require Commission approval. The annual submission serves only as an update of information relating to a previously authorized organization, and approval of this information is unnecessary.

#### **EFFECT OF REGULATORY ACTION:**

In general, this proposed action has been drafted in an attempt to streamline and make more efficient remote caller bingo procedures to assist the Commission and the Bureau in meeting their regulatory responsibilities under the Act, while taking into account the opportunity to minimize burdens upon nonprofit organizations conducting remote caller bingo games.

#### **ANTICIPATED BENEFITS OF PROPOSED REGULATION:**

It is anticipated that the proposed regulation will benefit previously authorized organizations by reducing the burden of waiting for Commission approval for information that may not have

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<sup>1</sup> Business and Professions Code, Division 8, Chapter 4, section 19800 et seq.

<sup>2</sup> Business and Professions Code section 19850.5, Penal Code section 326.3.

<sup>3</sup> Penal Code section 326.3(j).

<sup>4</sup> Penal Code section 326.3(b).

<sup>5</sup> In the Act and Penal Code section 326.3 “department” refers to the Department of Justice. While the Act and section 326.3 assign certain powers and authority to the department, in actual practice the responsibility for fulfilling the obligations imposed upon the department is delegated to the Bureau of Gambling Control, pursuant to Business and Professions Code section 19810.

changed. The proposed regulation will create a more streamlined and efficient process for processing the annual updates of the eligibility statements submitted by previously authorized organizations conducting or participating in remote caller bingo games.

**EXISTING LAW:**

Penal Code section 326.3, subdivision (b), provides the criteria an organization must meet to be eligible for authorization to conduct or participate in a remote caller bingo game. Penal Code section 326.3, subdivision (j), specifies that organizations shall be authorized by the Commission before conducting or participating in remote caller bingo games. Section 12505 of Title 4 of the California Code of Regulations sets forth the process by which an organization may apply to be authorized by the Commission.

**SPECIFIC PROPOSAL:**

This proposed action would make the following specific changes in Article 3 of Chapter 8 of Division 18 of Title 4 of the California Code of Regulations:

Amend Section 12505. Authorization of Organizations Conducting Remote Caller Bingo Games.

This proposed action would revise the current procedure of Section 12505 to continue the authorization of organizations at a noticed hearing upon an initial submission of the Statement of Eligibility to Conduct Remote Caller Bingo, BGC-618, but remove the requirement for the Commission to approve the purely administrative task of annual updates to an already authorized organization's Statement of Eligibility to Conduct Remote Caller Bingo.

Subsection (b) would be changed with the insertion of the word "initial" before "authorization" to differentiate between the first request for authorization by the Commission and the subsequent annual updates to report any changes or confirm that there have been no changes from the previous authorization.

Subsection (c) would be changed to refer to "an organization" rather than "any organization," and the word "A" would be inserted before "Statement" in paragraph (1), as purely grammatical changes.

Subsection (d) would be changed to specifically reference the initial statement submitted pursuant to subsection (b) in order to clearly differentiate between the initial and any subsequent submissions of a Statement of Eligibility to Conduct Remote Caller Bingo, BGC-618. Thus, the requirement for approval at a Commission meeting will be applicable only to the initial submission.

**CONSISTENCY OR COMPATIBILITY WITH EXISTING STATE REGULATIONS**

The Commission has evaluated this regulatory action and determined that the proposed regulations are neither inconsistent nor incompatible with any other existing state regulations.

The Commission and the Bureau are vested with specific roles over remote caller bingo in California. The Commission authorizes organizations to conduct remote caller bingo and approves the licensing and work permits for various entities and individuals involved in conducting remote caller bingo games, or the manufacture or distribution of remote caller bingo equipment. The Bureau approves and regulates remote caller bingo equipment, the controls, methodology, and standards of game play, and the conduct of the remote caller bingo game. The Bureau is also responsible for the background investigations and audit submissions required for the licensure of individuals and the authorization of organizations. The scope and content of the Commission's remote caller bingo regulations is generally set forth in Penal Code section 326.3. As provided in paragraph (4) of subdivision (j) of section 326.3, an organization must be "authorized by the commission to conduct remote caller bingo games." Subdivision (b) provides the criteria used to authorize an organization. No other regulations have been identified that would be applicable to the authorization of an organization conducting remote caller bingo games.

While the Bureau has also been granted some authority to adopt regulations (Business and Professions Code section 19826), that authority is limited to the adoption of regulations reasonably related to its specified duties and responsibilities. The Bureau also has authority to adopt specified regulations pursuant to section 326.3, but this authority does not include the authorization of organizations to conduct remote caller bingo games. This proposed regulation is not inconsistent or incompatible with any Bureau regulation (Title 11, CCR, Division 3), nor does it fall within the Bureau's authority to adopt regulations.

### **COMPARABLE FEDERAL LAW**

There are no existing federal regulations or statutes comparable to the proposed regulations.

### **FISCAL IMPACT ESTIMATES**

**FISCAL IMPACT ON PUBLIC AGENCIES INCLUDING COSTS OR SAVINGS TO STATE AGENCIES OR COSTS/SAVINGS IN FEDERAL FUNDING TO THE STATE:** None.

**NON-DISCRETIONARY COST OR SAVINGS IMPOSED UPON LOCAL AGENCIES:** None.

**MANDATE IMPOSED ON ANY LOCAL AGENCY OR SCHOOL DISTRICT FOR WHICH PART 7 (COMMENCING WITH SECTION 17500) OF DIVISION 4 OF THE GOVERNMENT CODE REQUIRES REIMBURSEMENT:** None.

**COST TO ANY LOCAL AGENCY OR SCHOOL DISTRICT FOR WHICH PART 7 (COMMENCING WITH SECTION 17500) OF DIVISION 4 OF THE GOVERNMENT CODE REQUIRES REIMBURSEMENT:** None.

**EFFECT ON HOUSING COSTS:** None.

**IMPACT ON BUSINESS:**

The Commission has made an initial determination that the adoption of these regulations would have no significant statewide adverse economic impact directly affecting business (including affected non-profit organizations), including the ability of California businesses to compete with businesses in other states.

This proposed action imposes no additional mandatory requirement on businesses/organizations. This proposed action will simply eliminate the need for the Commission to approve subsequent submissions of annual eligibility statements after an organization has been initially authorized.

**COST IMPACT ON REPRESENTATIVE PRIVATE PERSON OR BUSINESS:**

The Commission is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

**EFFECT ON SMALL BUSINESS:**

The Commission has determined that the proposed regulatory action would not affect small businesses. This proposed action simply eliminates the need for subsequent submissions of eligibility statements to be approved by the Commission. This proposal creates a more efficient process for annual eligibility review.

**RESULTS OF ECONOMIC IMPACT ASSESSMENT/ANALYSIS**

**IMPACT ON JOBS/NEW BUSINESSES:**

The Commission has determined that this regulatory proposal will not have a significant impact on the creation of new jobs or businesses, the elimination of jobs or existing businesses, or the expansion of businesses in California.

The basis for this determination is that this proposed action imposes no additional mandatory requirement on businesses or individuals. This proposed action simply provides a more efficient process to review annual eligibility submissions for previously authorized organizations.

**BENEFITS OF PROPOSED REGULATION:**

This proposed regulation will have the benefit of creating a more streamlined and efficient process for processing the annual updates of the eligibility statements submitted by previously authorized organizations conducting or participating in remote caller bingo games.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

**CONSIDERATION OF ALTERNATIVES**

The Commission must determine that no reasonable alternative considered by the Commission or that has otherwise been identified and brought to the attention of the Commission would be more

effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

### **INITIAL STATEMENT OF REASONS, INFORMATION AND TEXT OF PROPOSAL**

The Commission has prepared an Initial Statement of Reasons and the exact language for the proposed action and has available all the information upon which the proposal is based. Copies of the language and of the Initial Statement of Reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the Commission at 2399 Gateway Oaks Drive, Suite 220, Sacramento, CA 95833-4231.

### **AVAILABILITY AND LOCATION OF THE RULEMAKING FILE AND THE FINAL STATEMENT OF REASONS**

All the information upon which the proposed action is based is contained in the Rulemaking File that will be available for public inspection and copying at the Commission's office throughout the rulemaking process. Arrangements for inspection and/or copying may be made by contacting the backup contact person named below.

Upon its completion, the Final Statement of Reasons will also be available. A copy of the Final Statement of Reasons may be obtained, once it has been prepared, by making a written request to one of the contact persons named below or by accessing the Commission's Web site listed below.

### **CONTACT PERSONS**

All comments and inquiries concerning the substance of the proposed action should be directed to the following **primary** contact person:

James B. Allen, Manager  
Regulatory Actions Unit  
California Gambling Control Commission  
2399 Gateway Oaks Drive, Suite 220, Sacramento, CA 95833-4231  
Telephone: (916) 263-4024  
Fax: (916) 263-0499  
E-mail: [Jallen@cgcc.ca.gov](mailto:Jallen@cgcc.ca.gov)

Requests for a copy of the Initial Statement of Reasons, proposed text of the regulation, modified text of the regulation, if any, or other technical information upon which the proposed action is based should be directed to the following **backup** contact person:

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Helen Geoffroy, Regulatory Actions Analyst  
Regulatory Actions Unit  
California Gambling Control Commission  
2399 Gateway Oaks Drive, Suite 220, Sacramento, CA 95833-4231  
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**WEB SITE ACCESS**

Materials regarding this proposed action are also available on the Commission's Web site at [www.cgcc.ca.gov](http://www.cgcc.ca.gov).