

(Please note: This is NOT a California Gambling Control Commission document/proposal. This is a proposal provided to the Commission by the Gaming Policy Advisory Committee for consideration only.)

GPAC Recommendations re: Duplicate Licenses

Under the Gambling Control Act: (1) the entity that owns a cardroom or TPPPS is licensed and (2) the individual officers and owners of that entity are licensed and endorsed on the gambling license.

Presently a person who has already been licensed and gone through a background investigation is required to apply for a duplicate license and go through another background investigation when there is a change in their ownership capacity. For example, if the person wants to put their ownership interest in a trust for estate planning, they must not only apply for a license for the trust but also must file an initial application to be licensed as the trustee even though they are already licensed as an owner.. This situation can also arise when a person is licensed as an owner and then is appointed as a director. They are required to apply for a new license.

This proposed regulatory change would allow a person with an existing license to amend their license for the same licensed business, rather than applying for a new license.

Cost and Delay. Each time a person applies for a new license they must submit voluminous documentation and pay an application fee and a background investigation fee of \$6,600. With additional costs for lawyers and accountants, the cost for a duplicative license can exceed \$12,000 - \$14,000 in a simple case and tens of thousands of dollars in other instances. This process takes a year and contributes to the agencies' workload. A survey of the states with licensed casinos and substantial gaming revenues shows that no other state requires a new license for a person to put their interest in a trust. The trust does have to be licensed, but this is often done administratively.

On January 20, 2022, the Gaming Policy Advisory Committee unanimously recommended to the Commission that it adopt regulations to fix this problem. A trust that is being named as an owner would still need to be licensed, but the individual would not a duplicate individual license to be the trustee (or to be an officer or director) if they are already licensed.

AB 1271, which becomes effective on January 1, 2024, provides:

(c) Notwithstanding any other law, the commission may adopt regulations, for any applicant who possesses a state gambling license in good standing as determined by the commission, to waive any application requirement, including, without limitation, any of the following:

- (1) The requirement that an application be accompanied by supplemental forms pursuant to Section 19865.
- (2) The requirement that an application be accompanied by a deposit pursuant to Section 19867.
- (3) The requirement that an investigation be performed by the department.

In light of this new law, this action by GPAC would update our recommendation with a revised proposed regulation to permit persons with existing licenses to amend their license rather than applying for a new one. The individual would not have to fill out the same forms and go through the same process as someone applying for a new license.

AB 1271 also creates a new license for persons endorsed on the license of more than one gambling enterprise or Third Party Company. The proposed regulation for GPAC consideration does not address this situation, which involves more complicated issues about source of funds, etc... In addition, because this portion of AB 1271 creates a new license type, the Commission may want new forms for that, or may wish to amend several existing forms and licensing/renewal processes. It is our recommendation that the two portions of AB 1271 be addressed in separate regulations and regulatory actions.

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**GAMING POLICY ADVISORY COMMITTEE (GPAC) PROPOSAL
DUPLICATE LICENSES – GPAC PROPOSED REGULATORY CHANGE**

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§12002 New Definition

(ab) "Good Standing" means a license that is not expired, abandoned, surrendered, revoked or suspended, including for the failure to pay licensing fees.

New REGULATION §12115

Amendments to Cardroom and TPPPS Business Licenses for Licensed Endorsees.

(a) The holder of a cardroom endorsee license or TPPPS endorsee license in good standing may apply for an amendment to their endorsee license whenever a new, different or additional endorsement is required by the Act or regulations for the same cardroom business licensee or TPPPS business licensee, by completing the "Application for Endorsee Amendment" (CGCC-CH-2-__) and paying the fee(s) specified on the form.

(b) The Bureau will notify the applicant in writing within ten business days after the receipt of an application for an endorsee amendment that the application or a resubmitted application is complete and accepted for initial processing, or that an application or a resubmitted application is deficient and identify what specific additional information is required.

(c) The Department will submit its findings concerning the application to the Commission no later than ___ calendar days after the application is deemed complete, unless Department investigation of a related transaction or application is required and not yet complete. Where the holder of a cardroom endorsee license or TPPPS endorsee license applies for an amendment to their endorsee license in order to serve as trustee of a trust that must apply for and obtain a new license, the Department shall complete its background investigation and findings for the trust's application within ___ days of receiving a completed application for the trust unless there is good cause necessitating additional time to complete the investigation and findings.

(d) The commission shall approve or deny the application for an endorsee license amendment within ___ days of receiving the Bureau findings. The amendment to the license certificate shall be effective upon approval of the Commission, except where the Commission specifies a different date or the approval is conditioned on the Commission's approval of another application, transaction or license.

(e) The commission may deny or defer action on the application for an endorsee amendment if:

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- (1) The applicant's license is not in good standing when the commission acts on the application,
- (2) The current license has a condition, or the licensee is subject to a stipulated order or order, that prohibits the licensee from making the change requested by the proposed amendment, or provides good cause to deny the application,
- (3) The commission has not approved a related transaction requiring commission approval,
- (4) The commission has entered a decision revoking the endorsee license or denying the applicant's renewal application, or
- (5) For any grounds in the Act or regulations upon which a license denial may be based.

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Form: Amendment to Endorsee License

CGCC-CH2-___ (Rev. __/24)

MAIL COMPLETED FORM AND FEE/DEPOSIT TO:

BUREAU OF GAMBLING CONTROL
P.O. Box 168024
Sacramento, CA 95816-8024
(916) 830-1700

**PLEASE READ THE FOLLOWING INFORMATION CAREFULLY BEFORE YOU
COMPLETE THIS FORM**

This form is used to provide information for individuals required to apply as an “owner,” defined by the Gambling Control Act (Act) and/or the California Code of Regulations, as applicable. This form must be completed by each natural person to amend an endorsement on a business license who is a sole proprietor, an individual with an ownership interest in partnership, a shareholder, a member, an officer, a director, a trustee, a current beneficiary, a funding source, and any other individual required to be licensed as an “owner” by the California Gambling Control Commission (Commission).

All responses must be truthful and complete. All responses and supplemental documentation are subject to verification and will be used to determine suitability under the Act and Commission regulations. Any misrepresentation or failure to disclose required information or documentation may constitute cause for denial of the application or discipline of the licensee.

All information must be typed or printed legibly in blue or black ink. Any questions that do not apply should be indicated with “N/A” (Not Applicable). If the space available is insufficient, attach a separate sheet of paper and precede each answer with the applicable section and question number. Any corrections, changes, or other alterations must be initialed and dated by the applicant.

PLEASE NOTE THAT IF YOU ARE REQUESTING AN AMENDMENT BECAUSE YOU ARE PLACING YOUR ASSETS IN A TRUST THAT WILL HOLD AN OWNERSHIP INTEREST OR FORMING A NEW ENTITY TO HOLD AN OWNERSHIP INTEREST, THE TRUST OR ENTITY MUST SEPERATELY APPLY FOR AND BE APPROVED FOR LICENSURE.

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THE APPLICATION PACKAGE WILL NOT BE DEEMED COMPLETE UNTIL ALL REQUIRED FORMS, DOCUMENTATION, AND FEES HAVE BEEN COMPLETED AND RECEIVED BY THE STATE. ADDITIONAL DOCUMENTATION OR INFORMATION MAY BE REQUIRED BY THE DEPARTMENT OF GAMBLING CONTROL.

Applicant's Full Name Current License Number

Associated Cardroom or TPPPS Name & License No.

Associated Owner Entity (if any; Trust, LLC, Corporation etc...) and License Number if applicable

SECTION 1: APPLICATION to Amend Endorsee Designation

A) TYPE OF APPLICATION (CHECK APPROPRIATE BOX)

Type of entity for which you are applying:

_____ CARDROOM ENDORSEE LICENSE _____ TPPPS ENDORSEE LICENSE

B) INDIVIDUAL INFORMATION FOR THE ENDORSEE

- FULL NAME: LAST FIRST MIDDLE
- ALIAS(ES), NICKNAME(S), OTHER FORMER LEGAL NAMES
- CURRENT RESIDENCE (STREET, CITY, STATE, ZIP CODE)
- MAILING ADDRESS IF DIFFERENT THAN CURRENT RESIDENCE (STREET, CITY, STATE, ZIP CODE)

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- PRIMARY TELEPHONE NUMBER ALTERNATE TELEPHONE NUMBER EMAIL ADDRESS
- DATE OF BIRTH (MM/DD/YYYY)

C) FEES

- \$_____ Application Fee
- Added \$___ Fee If a badge is requested or required.

TOTAL _____

SECTION 2: CURRENT ENDORSEMENT DESIGNATION

Please identify how you want the endorsement to be modified upon approval of the Commission.

CHECK ALL THAT APPLY for your new endorsement.

- Sole Proprietor Officer Trustor Financial Interest Holder
- General Partner Director Trustee TPPPS Funding Source
- Limited Partner Landlord Current Beneficiary Community Property Interest
- Shareholder LLC Member Contingent Beneficiary Other: _____

SECTION 3: Please explain the purpose of this license amendment and identify any transactions or agreements that are related to your request for an amendment to your license.

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SECTION 4: DOCUMENTATION. Please attach to this application all documentation **relevant to the application for a change in endorsement**, which may include as applicable, but not be limited to, any of the following:

____ Shareholder or Director Minutes.

____ Trust Agreement or Amendment, or Trustee Designation or Appointment.

____ Any amendments to the Associated Cardroom or TPPPS operating agreements, including partnership agreement, LLC agreements, by-laws, articles or shareholder agreements.

____ Ownership, loan, sale or transaction agreements.

Your application will not be considered complete without this documentation.

SECTION 5: DECLARATION

I declare under penalty of perjury under the laws of the State of California that the information in this form is true, accurate, and complete, and that this declaration is executed by me at

City and State

PRINTED NAME SIGNATURE DATE (MM/DD/YYYY)