

1 CALIFORNIA CODE OF REGULATIONS
2 TITLE 4. BUSINESS REGULATIONS.
3 DIVISION 18. CALIFORNIA GAMBLING CONTROL COMMISSION.
4 CHAPTER 6. STATE GAMBLING LICENSES AND APPROVALS FOR GAMBLING
5 ESTABLISHMENTS, OWNERS AND KEY EMPLOYEES.
6

7 **§ 12350. Limitations on Reopening Closed Cardrooms; Issuance of Gambling**
8 **Licenses.**

- 9 (a) Any gambling establishment with a licensed owner as of December 31, 1999, which
10 has subsequently closed or ceased operation, or that had an owner with a license
11 application on file with the department prior to September 1, 2000, may be reopened
12 by any person pursuant to the requirements of this section and the Gambling Control
13 Act.
- 14 (b) Prior to submitting an application for an initial state gambling license to operate a
15 closed cardroom that meets the requirements of subsection (a), the applicant must
16 obtain approval to reopen the cardroom from the applicable city council or board of
17 supervisors in the form of a formal resolution. That resolution shall express support
18 for reopening the cardroom and shall clearly state a willingness to issue a local
19 license to the applicant, contingent upon issuance of a state gambling license. In the
20 event that more than one person requests approval, the city council or board of
21 supervisors shall have the discretion as to which applicant to approve.
- 22 (c) The Commission shall accept an application for a state gambling license submitted
23 pursuant to this section only from the person named in the resolution required by
24 subsection (b). If that applicant is denied a state gambling license by the
25 Commission, the city council or board of supervisors may approve another person.
- 26 (d) In addition to the forms, fees, and deposits for an initial application required pursuant
27 to Sections 12341, 12342, and Title 11, CCR, Section 2037, and the formal resolution
28 of the city council or the board of supervisors required by subsection (b), the
29 applicant must submit the following:
- 30 (1) A copy of the current applicable local gambling ordinance;
- 31 (2) An economic feasibility study that demonstrates to the satisfaction of the
32 Commission that the proposed cardroom, if reopened, will be economically
33 viable, and that the applicants have sufficient resources to make the cardroom

1 successful and to fully comply with all requirements of the local ordinance,
2 the Act, state regulations, and all local, state, and federal tax laws;

3 (3) A statement, signed by the applicant, acknowledging a willingness to be
4 bound by the conditions included in subsections (e), (f), and (g).

5 (e) No temporary licenses shall be issued to applicants under this section.

6 (f) The cardroom to be reopened must be located in the same local jurisdiction in which
7 it was previously located.

8 (g)(1) The applicant shall pay for a certified public accounting firm to conduct the
9 financial background investigation required pursuant to Section 19826 of the
10 Business and Professions Code. The public accounting firm shall meet all of the
11 following conditions:

12 (A) The firm shall be licensed and domiciled in California.

13 (B) The firm shall have forensic accounting experience.

14 (C) The firm may not have performed services for the applicant during
15 the previous five years.

16 (D) The firm shall be approved by the Bureau.

17 (2) The financial background investigation shall be conducted by the certified
18 public accounting firm in consultation with the Bureau, and shall include, at a
19 minimum, the following components:

20 (A) Confirmation of all accounting records that reflect separate financial
21 entities for all related businesses and individual owners.

22 (B) Identification of all owners, companies, and subsidiaries connected to
23 the application.

24 (C) An assessment determining if the applicant has sufficient financial
25 resources to sustain the gambling establishment.

26 (D) Identification of affiliated persons and entities potentially subject to
27 licensure by the Commission

28 (E) An assessment of reliability of financial information provided in
29 connection with the application.

30 (F) An assessment of the consistency of reported financial information
31 with the economic feasibility study submitted pursuant to this section.

- 1 (G) An assessment of reasonableness of reported/projected revenue.
2 (H) Identification of any indications the applicant may be involved in
3 illegal or questionable activities.
4 (I) Identification of any prohibited financial or managerial interests of
5 the applicants, owners, or other principals.

6 Note: Authority cited: Sections 19824, 19840, 19841 and 19963, Business and Professions Code.
7 Reference: Sections 19811, 19823, 19851, 19856, 19860, 19862, 19864, 19865, 19960, and 19963,
8 Business and Professions Code.

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