

**CALIFORNIA CODE OF REGULATIONS**

**TITLE 4. BUSINESS REGULATIONS.**

**DIVISION 18. CALIFORNIA GAMBLING CONTROL COMMISSION.**

**CHAPTER 6. GAMBLING LICENSES AND APPROVALS FOR GAMBLING ESTABLISHMENTS AND OWNERS; PORTABLE KEY EMPLOYEE LICENSES.**

(EFFECTIVE JANUARY 20, 2012)

**ARTICLE 2. GAMBLING LICENSES.**

**§ 12349. Interim Licenses for Continued Operation Following Qualifying Events; Criteria; Processing Times; Conditions.**

(a) For the purposes of this section, the following definitions apply:

(1) "Applicant" means a new owner of a gambling enterprise or individual in control of an ownership interest, who makes application to the Commission for an interim gambling license pursuant to subsection (c).

(2) "Interim gambling license" means a license issued by the Commission which permits the interim operation of a gambling enterprise following a qualifying event, during which time the Commission processes and considers an application for a regular gambling license from a new owner.

(3) "New owner" means an individual who is a trustee (other than a trustee in bankruptcy), beneficiary, successor in interest, or security interest holder who becomes an owner of, or obtains an ownership interest in a gambling enterprise as a result of a qualifying event.

(4) "Qualifying event" means an event, such as those specified in Business and Professions Code section 19841, subdivision (s), that results in a change in the ownership or in the control of the ownership interest of a gambling enterprise and prevents the gambling enterprise from conducting gambling operations because the new owner or individual in control does not hold a valid gambling license for that gambling enterprise, as required by Business and Professions Code sections 19850, 19851, 19852 or 19855. A qualifying event does not include any planned or negotiated transaction where a current licensee retains the capacity and authority to continue gambling operations until approval of the transaction and issuance of any new gambling license by the Commission (e.g., a sale, the transfer of shares, incorporation, etc.).

(5) "Regular gambling license" means a gambling license issued by the Commission pursuant to Section 12342.

(b) Subject to the provisions of the Act, this division and Title 11, Division 3, of the California Code of Regulations, a gambling enterprise may continue gambling operations following a qualifying event only if an owner or a licensed person affiliated with the gambling enterprise has control of the gambling operations, the Commission is notified of the qualifying event within 10 calendar days of that event, and the new owner, or individual in control of the ownership interest, submits a request for an interim gambling license to the Commission as provided in subsection (c). Gambling operations shall be immediately terminated if the Commission denies an applicant's request for an interim gambling license, or approves an applicant's request to withdraw that application, and no other person has applied for or been granted an interim or regular gambling license for that gambling enterprise.

(c)(1) In order to be considered for an interim gambling license, a new owner, or individual in control of the ownership interest, must submit all of the following within 30 calendar days of a qualifying event:

(A) All forms, fees, and deposits for a regular gambling license application required by Sections 12341, 12342, and Title 11, CCR, Section 2037;

(B) A signed written request for an interim gambling license that describes the qualifying event and identifies the person who will control and oversee gambling operations; and

(C) A copy of any document that evidences the succession to the owner-licensee's interest in the gambling enterprise, which may include, as applicable, any of the following:

1. In the case of the death of an owner-licensee, a copy of the death certificate; or

2. In the case of the incapacity of an owner-licensee, a copy of any document that evidences the owner-licensee's incapacity and the appointment of a conservator; or

3. In the case of insolvency, foreclosure or receivership of a gambling enterprise, a copy of any pertinent agreement, note, mortgage, lease, deed of trust, and any document, notice or order that evidences the insolvency, foreclosure or receivership.

(2) The time period for submission specified in paragraph (1) may be extended, at the discretion of the Commission or the Executive Director, if the new owner, or individual in control of the ownership interest, is able to provide satisfactory evidence of any facts or circumstances that interfere with timely submission, including but not limited to, a lack of actual knowledge of the occurrence of the qualifying event, and that all appropriate and reasonable actions have been taken to overcome those impediments.

(d) A request for an interim gambling license shall be ancillary to and concurrent with an application for a regular gambling license. The application for a regular gambling license shall be processed in accordance with Section 12342. The request for an interim gambling license shall be processed as follows:

(1) The maximum time within which the Executive Director shall notify the applicant in writing that a request for an interim gambling license is complete and accepted for filing, or that a request is deficient and identifying what specific additional information is required, is 10 calendar days after receipt of the request. If additional information is required, the Executive Director shall allow the applicant 10 calendar days to submit the additional information. If the requested information is not supplied within 10 calendar days, the request for an interim gambling license shall be considered abandoned and no further action shall be taken on the request. A gambling enterprise shall immediately terminate gambling operations if a request for an interim gambling license is abandoned by the applicant and no other person has applied for or been granted an interim or regular gambling license for that gambling enterprise.

(2) Once the Executive Director determines that a request for an interim gambling license is complete, the matter shall be set for consideration at a noticed Commission meeting. Pursuant to the provisions of the Act and this division, the Commission shall grant or deny the request for an interim gambling license within 60 calendar days after receipt of the request. A request for an interim gambling license shall be denied by the Commission if the applicant is disqualified for any reason set forth in section 19859 of the Business and Professions Code.

(e) All of the following criteria shall apply to a request for an interim gambling license:

(1) In the event a regular gambling license is issued to an applicant prior to action by the Commission on any related request for an interim gambling license, the request for an interim gambling license shall be deemed withdrawn and no further action shall be taken on that request.

(2) If a request for withdrawal of an application for a regular gambling license is submitted before the Bureau's recommendation is made regarding that application, any related request for an interim gambling license shall be deemed withdrawn and no further action shall be taken on that request.

(3) Denial of a request for an interim gambling license, or cancellation of an interim gambling license, shall not suspend or otherwise affect the processing and review of the related application for a regular gambling license.

(f) All of the following conditions shall apply to an interim gambling license granted by the Commission:

(1) Upon issuance or denial of a regular gambling license, any related interim gambling license shall become invalid.

(2) The term of an interim gambling license shall be determined by the Commission and shall be based in part on the time necessary to process and consider the application for a regular gambling license.

(3) Issuance of an interim gambling license does not prejudice or obligate the Commission to grant a regular gambling license. Issuance of a regular gambling license is subject to the results of a complete background investigation by the Bureau, the conduct of the applicant during the term of the interim gambling license, and final approval of the Commission pursuant to Sections 12342 and 12346.

(4) Issuance of an interim gambling license does not create a vested right in the holder to either an extension of the interim gambling license or the issuance of a regular gambling license.

(5) Issuance of an interim gambling license does not change the qualification, or disqualification, requirements for a regular gambling license under the Act or this division.

(6) The holder of an interim gambling license shall provide the Commission and the Bureau with the name of any newly-appointed key employee within 30 days following the appointment of that key employee. Within 30 days of its occurrence, the holder of an interim gambling license shall also provide the Commission and the Bureau with the name of any person who provides any service or property to the gambling enterprise under any arrangement whereby the person receives payment based on the earnings, profits or receipts of the gambling enterprise.

(7) The holder of an interim gambling license shall pay all applicable annual fees associated with a regular gambling license.

(8) The holder of an interim gambling license shall comply with the provisions of the Act, this division and Title 11, Division 3, of the California Code of Regulations.

(9) During the term of an interim gambling license, any proceeds derived from the operation of the gambling enterprise that would otherwise be payable to a new owner shall be held in an escrow account and not disbursed until the disposition of ownership interest has been resolved and received Commission approval and all owners of the gambling enterprise have been approved by the Commission for a regular gambling license pursuant to Section 12342. This paragraph shall not prevent the payment of any taxes, operating expenses, preexisting obligations, preexisting dependant support or any other distribution of proceeds that is approved by the Commission.

(10) The Commission, in its sole discretion and on an individual case-by-case basis, may impose any additional conditions necessary to address particular factual situations related to a request for an interim gambling license.

(g) If, as a result of a qualifying event, a new owner intends to sell his or her interest in the gambling enterprise without first obtaining an interim or regular gambling license, he or she shall

provide written notification to the Commission of that intent within 30 calendar days of that qualifying event.

(h) If, during the term of an interim gambling license, the Executive Director determines that the holder of that license is disqualified for any of the reasons set forth in Business and Professions Code section 19859, or may have violated one or more of the conditions under which the interim gambling license was issued, the Executive Director shall prepare and serve on the license holder an order to show cause as to why the interim gambling license should not be cancelled. The holder of the interim gambling license shall be given 30 days to respond in writing. After receipt of the license holder's response, or if the license holder fails to respond within the specified time, the matter shall be set for consideration at a noticed Commission meeting. The interim license holder may address the Commission by way of an oral or written statement, or both, at the Commission meeting. If the Commission acts to cancel the interim gambling license, the license holder may request an evidentiary hearing, in writing, either at that meeting or within 10 calendar days following that meeting. Any evidentiary hearing shall be conducted in accordance with the applicable provisions of subsection (b) of Section 12050 of this division.

(i) This section shall not preclude the Commission from issuing temporary licenses pursuant to Business and Professions Code section 19824, subdivision (f).

Note: Authority cited: Sections 19811, 19823, 19824, 19825, 19826, 19840, 19841, 19853 and 19870, Business and Professions Code. Reference: Sections 19824, 19841(s), 19850, 19851, 19855, 19857, 19859, 19869 and 19870(b), Business and Professions Code.