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12/16/2014

1 CALIFORNIA GAMBLING CONTROL COMMISSION
2 SPECIFIC LANGUAGE OF PROPOSED REGULATIONS
3 **PLAYING BOOKS**
4 CGCC-GCA-2014-0#-R
5

6 CALIFORNIA CODE OF REGULATIONS
7 TITLE 4. BUSINESS REGULATIONS.
8 DIVISION 18. CALIFORNIA GAMBLING CONTROL COMMISSION.
9

10 CHAPTER 2.1. THIRD-PARTY PROVIDERS OF PROPOSITION PLAYER SERVICES: REGISTRATION;
11 LICENSING.

12 ARTICLE 1. DEFINITIONS AND GENERAL PROVISIONS.

13 **§ 12200. Definitions.**

14 (a) Except as otherwise provided in Section 12002 and in subsection (b) of this regulation,
15 the definitions in Business and Professions Code section 19805 shall govern the construction of
16 this chapter.

17 (b) As used in this chapter:

18 (1) "Additional Badge" means a badge provided pursuant to Section 12200.6, which
19 authorizes an individual registrant or licensee to be simultaneously employed by more than one
20 primary owner.

21 (2) "Applicant" means an applicant for registration or licensing under this chapter, including
22 in the case of an owner that is a corporation, partnership, or any other business entity, all persons
23 whose registrations or licenses are required to be endorsed upon the primary owner's registration
24 or license certificate.

25 (3) "Authorized player" means an individual associated with a particular primary owner
26 whose badge authorizes play in a controlled game on behalf of the primary owner, including the
27 primary owner, all other owners, all supervisors, and all players. Only authorized players may
28 perform the functions of a supervisor or player.

29 (4) "Badge" means a form of identification issued by the Commission identifying a registrant

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- 1 or licensee.
- 2 (5) [Reserved]
- 3 (6) [Reserved]
- 4 (7) [Reserved]
- 5 (8) [Reserved]
- 6 (9) [Reserved]
- 7 (10) “Funding source” means any person that provides financing, including but not limited to
- 8 loans, advances, any other form of credit, chips, or any other representation or thing of value, to
- 9 an owner-registrant or owner-licensee, other than individual registrants under Subsection (d) of
- 10 Section 12201 or individual licensees. “Funding source” does not include any federally or state
- 11 chartered lending institution or any of the following entities that in the aggregate owns at least
- 12 one hundred million dollars (\$100,000,000) of securities of issuers that are not affiliated with the
- 13 entity:
- 14 (A) Any federally-regulated or state-regulated bank or savings association or other federally-
- 15 or state-regulated lending institution.
- 16 (B) Any company that is organized as an insurance company, the primary and predominant
- 17 business activity of which is the writing of insurance or the reinsuring of risks underwritten by
- 18 insurance companies, and that is subject to supervision by the Insurance Commissioner of
- 19 California, or a similar official or agency of another state.
- 20 (C) Any investment company registered under the federal Investment Company Act of 1940
- 21 (15 U.S.C. sec. 80a-1 et seq.).
- 22 (D) Any retirement plan established and maintained by the United States, an agency or
- 23 instrumentality thereof, or by a state, its political subdivisions, or any agency or instrumentality
- 24 of a state or its political subdivisions, for the benefit of its employees.
- 25 (E) Any employee benefit plan within the meaning of Title I of the federal Employee
- 26 Retirement Income Security Act of 1974 (29 U.S.C. sec. 1001 et seq.).
- 27 (F) Any securities dealer registered pursuant to the federal Securities Exchange Act of 1934
- 28 (15 U.S.C. sec. 78a et seq.).

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1 (G) Any entity, all of the equity owners of which individually meet the criteria of this
2 paragraph (10).

3 (11) [Reserved]

4 (12) "License" means a license issued by the Commission pursuant to Article 3 of this
5 chapter.

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

- 8 1. Primary owner,
- 9 2. Owner,
- 10 3. Supervisor, and
- 11 4. Player.

12 (B) All ~~"other employees"~~ (as defined in this section) of the primary owner who are present
13 in the gambling establishment during the provision of proposition player services under the
14 primary owner's proposition player contract, or who are authorized to perform information
15 technology (IT) technician duties as defined in paragraph (7) of subsection (b) of Section 12XX0
16 of Chapter 3, shall be licensed as "other employee" and shall be required to submit an
17 application and be approved or denied based upon the same criteria that apply to a player.

18 (C) A primary owner and an owner may also perform the functions of a supervisor or player,
19 and the holder of a supervisor's license may also perform the functions of a player.

20 (D) No licensee, other than an owner, supervisor, or player, may possess, direct, or otherwise
21 control currency, chips, or other wagering instruments used for play in the performance of a
22 proposition player contract.

23 (13) "Licensee" means a person having a valid license.

24 (14) "Organization chart" means a chart that identifies the names and titles of all owners, as
25 defined in Section 12200, supervisors, and any persons having significant influence over the
26 operation of the entity or provision of proposition player services; the percentage of ownership,
27 if any, held by each identified individual or entity; the reporting relationship for each identified
28 individual or entity; and the job title and number of persons in each of the job titles that report to

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1 each individual or entity identified on the organization chart.

2 (15) "Other employee" means an individual employed by a primary owner who is not
3 authorized to provide proposition player services. "Other employee" does not include any
4 owner, any supervisor, or any officer or director of a primary owner that is a corporation. An
5 individual registered or licensed as an "other employee" may not function as a player unless and
6 until that individual applies for and obtains registration or licensure as a player.

7 (16) "Owner" includes all of the following:

8 (A) A sole proprietor, corporation, partnership, or other business entity that provides or
9 proposes to provide third party proposition player services as an independent contractor in a
10 gambling establishment,

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

13 (C) Any funding source.

14 (17) "Playing Book" means a record documenting each session of play by a third-party
15 proposition player.

16 (18) "Primary Owner" means the owner specified in subparagraph (A) of paragraph (16) of
17 this subsection.

18 (19) "Proposition player" or "player" means an individual other than an owner or a
19 supervisor who provides third-party proposition player services in a controlled game.

20 (20) "Proposition player contract" or "contract" means a written contract, the terms of which
21 have been reviewed and approved by the Bureau, between the holder of a state gambling license
22 and a primary owner acting as an independent contractor for the provision of third-party
23 proposition player services in the gambling establishment.

24 (21) "Rebate" means a partial return by an authorized proposition player of chips or money
25 to a patron who has lost the chips or money to the authorized player through play in a controlled
26 game at a gambling establishment.

27 (22) "Registrant" means a person having a valid registration.

28 (23) "Registration" means a registration issued by the Commission pursuant to this chapter.

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1 (A) There are four registration categories entitling the holder to provide third-party
2 proposition player services: primary owner, owner, supervisor, and player.

3 (B) All other employees of the primary owner who are present in the gambling establishment
4 during the provision of proposition player services under the primary owner's proposition player
5 contract, or who are authorized to perform information technology (IT) technician duties as
6 defined in paragraph (7) of subsection (b) of Section 12XX0 of Chapter 3, shall be registered as
7 "other employee" and shall be required to submit an application, which application shall be
8 approved or denied based upon the same criteria that apply to a player.

9 (C) A primary owner and an owner may also perform the functions of a supervisor or player,
10 and the holder of a supervisor's registration may also perform the functions of a player. No
11 registrant, other than an owner, supervisor, or player, may possess, direct, or otherwise control
12 currency, chips, or other wagering instruments used for play in the performance of a proposition
13 player contract.

14 (24) "Reinstatement Badge" means a badge provided to a player, a supervisor, or an "other
15 employee" pursuant to Section 12200.6 which authorizes an individual registrant or licensee who
16 has ceased to be employed by a primary owner to return to work for that primary owner.

17 (25) "Session of play" ~~as used in Section 12200.13 ("Playing Book")~~ means a continuous
18 work shift ~~of third party proposition player services provided~~ performed by an individual
19 proposition player at a specific gaming table.

20 (26) "Supervisor" means an individual who, in addition to any supervisory responsibilities,
21 has authority, on behalf of the primary owner, to provide or direct the distribution of currency,
22 chips, or other wagering instruments to proposition players engaged in the provision of third-
23 party proposition player services in a gambling establishment.

24 (27) "Supplemental information package" means all of the documentation and deposits
25 required by each of the following forms, which are hereby incorporated by reference, to be
26 submitted to the Bureau in response to a summons issued by the Bureau pursuant to Section
27 12205.1.

28 (A) Owners, as defined in Section 12200, that are a natural person shall complete the form

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1 Level III Supplemental Information-Individual (BGC-APP-034A (Rev. 12/11)) for a level III
2 investigation.

3 (B) Owners, as defined in Section 12200, that are not a natural person shall complete the
4 form Level III Supplemental Information-Business (BGC-APP-034B (Rev. 12/11)) for a level III
5 investigation.

6 (C) Supervisors, as defined in Section 12200, shall complete the form Level II Supplemental
7 Information (BGC-APP-033 (Rev. 12/11)) for a level II investigation.

8 (D) Other employees and players, as defined in Section 12200, shall complete the form Level
9 I Supplemental Information (BGC-APP-032 (Rev. 12/11)) for a level I investigation.

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

15 (29) “TPP” means “third party proposition.” This abbreviation is used in Section 12200.3
16 and in prescribing titles to be used on registrant and licensee badges, for example, “TPP Player
17 Registrant.”

18 (30) “Transfer Badge” means a badge provided pursuant Section 12200.6 which authorizes
19 an individual registrant or licensee to work for a subsequent primary owner after having ceased
20 to work for an initial primary owner.

21 Note: Authority cited: Sections 19840, 19841 and 19984, Business and Professions Code. Reference: Sections
22 19805 and 19984, Business and Professions Code.

23

24 ~~§ 12200.13. Playing Book.~~

25 ~~(a) The primary owner shall be responsible for assuring that its players maintain accurate,~~
26 ~~complete, and up to date playing books for all sessions of play worked in conformity with~~
27 ~~regulations of the Commission. The information in the playing book record shall be transferred~~
28 ~~to the primary owner, or a supervisor designated by the primary owner at the end of each session~~

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1 ~~of play. The primary owner shall maintain this information in English at a single location in the~~
2 ~~State of California, and shall maintain the original playing book records in the State of~~
3 ~~California, for at least five (5) years. The location or locations where the records of this~~
4 ~~information and the original playing book records are maintained, and any change therein, shall~~
5 ~~be disclosed to the Commission and Bureau by written notice mailed or delivered within five (5)~~
6 ~~business days after establishing or changing such a location.~~

7 (b) ~~The playing book shall be prepared and maintained as follows:~~

8 (1) ~~The playing book form shall be reviewed and approved or disapproved during the review~~
9 ~~of the contract by the Bureau.~~

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

12 (A) ~~Sequential numbers. Any unused form shall be voided and maintained in the playing~~
13 ~~book.~~

14 (B) ~~The name of the gambling establishment where play occurred.~~

15 (C) ~~The date and approximate time when play occurred.~~

16 (D) ~~Beginning and ending balances.~~

17 (E) ~~Individual identification of all fills and credits affecting the balance.~~

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

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

21 (H) ~~The specific name of the Bureau approved gaming activity.~~

22 (I) ~~The name of the primary owner.~~

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

27 (c)(1) ~~To amend a playing book form during a contract period, a Request for Approval of~~
28 ~~Playing Book form (BGC App 036 (Rev. 12/11)), which is hereby incorporated by reference,~~

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1 ~~must be completed and submitted to the Bureau for prior approval along with the following to~~
2 ~~constitute a complete request.~~
3 ~~(A) Processing fee of \$75.~~
4 ~~(B) Sample playing book form that complies with this section.~~
5 ~~(2) Review and approval or disapproval of an amended playing book form shall be completed~~
6 ~~within 30 days of receiving a completed request. Written notices shall be sent to the applicant or~~
7 ~~the applicant's designee.~~

8 ~~Note: Authority cited: Sections 19840, 19841 and 19984, Business and Professions Code. Reference: Section~~
9 ~~19984, Business and Professions Code~~

11 CHAPTER 2.2. GAMBLING BUSINESSES: REGISTRATION; LICENSING.

12 ARTICLE 1. DEFINITIONS AND GENERAL PROVISIONS.

13 **§ 12220. Definitions.**

14 (a) Except as otherwise provided in Section 12002 and in subsection (b) of this section, the
15 definitions in Business and Professions Code section 19805 shall govern the construction of this
16 chapter.

17 (b) As used in this chapter:

18 (1) "Additional Badge" means a badge provided by the Commission pursuant to Section
19 12220.6 which authorizes an individual registrant or licensee to be simultaneously employed by
20 more than one primary owner.

21 (2) "Applicant" means an applicant for registration or licensing under this chapter, including
22 in the case of an owner that is a corporation, partnership, or any other business entity, all persons
23 whose registrations or licenses are required to be endorsed upon the primary owner's registration
24 or license certificate.

25 (3) "Authorized player" means an individual associated with a particular primary owner
26 whose badge authorizes play in a controlled game on behalf of the primary owner, including the
27 primary owner, all other owners, all supervisors, and all players. Only authorized players may
28 perform the functions of a supervisor or player.

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1 (4) “Badge” means a form of identification issued by the Commission identifying a registrant
2 or licensee.

3 (5) [Reserved]

4 (6) [Reserved]

5 (7) [Reserved]

6 (8) [Reserved]

7 (9) [Reserved]

8 (10) “Funding source” means any person that provides financing, including but not limited to
9 loans, advances, any other form of credit, chips, or any other representation or thing of value, to
10 an owner-registrant or owner-licensee, other than individual registrants under subsection (d) of
11 Section 12221 or individual licensees. “Funding source” does not include any federally or state
12 chartered lending institution or any of the following entities that in the aggregate owns at least
13 one hundred million dollars (\$100,000,000) of securities of issuers that are not affiliated with the
14 entity:

15 (A) Any federally-regulated or state-regulated bank or savings association or other federally-
16 or state-regulated lending institution.

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

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

23 (D) Any retirement plan established and maintained by the United States, an agency or
24 instrumentality thereof, or by a state, its political subdivisions, or any agency or instrumentality
25 of a state or its political subdivisions, for the benefit of its employees.

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

28 (F) Any securities dealer registered pursuant to the federal Securities Exchange Act of 1934

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1 (15 U.S.C. sec. 78a et seq.).

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

4 (11) "Gambling business," except as otherwise provided in this paragraph, means a business
5 enterprise that engages the services of employees, independent contractors, or both to participate
6 in the play of any controlled game in a gambling establishment that has a rotating player-dealer
7 position as permitted by Penal Code section 330.11. "Gambling business" also refers to the
8 conduct of such a business enterprise in a gambling establishment. "Gambling business" does
9 not, however, include the provision of proposition player services subject to Chapter 2.1
10 (commencing with Section 12200) of this division.

11 (12) [Reserved]

12 (13) "License" means a license issued by the Commission pursuant to Article 3 of this
13 chapter.

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

- 15 1. Primary owner,
- 16 2. Owner,
- 17 3. Supervisor, and
- 18 4. Player.

19 (B) All ~~"other employees"~~ (as defined in this section) of the primary owner who are present
20 in the gambling establishment during the conduct of the gambling business, or who are
21 authorized to perform information technology (IT) technician duties as defined in paragraph (7)
22 of subsection (b) of Section 12XX0 of Chapter 3, shall be licensed as "other employee" and shall
23 be required to submit an application and be approved or denied based upon the same criteria that
24 apply to a player.

25 (C) A primary owner and an owner may also perform the functions of a supervisor or player,
26 and the holder of a supervisor's license may also perform the functions of a player.

27 (D) No licensee, other than an owner, supervisor, or player, may possess, direct, or otherwise
28 control currency, chips, or other wagering instruments used for play of a controlled game.

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1 (14) “Licensee” means a person having a valid license.

2 (15) “Organization chart” means a chart that identifies the names and titles of all owners, as
3 defined in Section 12220, supervisors, and any persons having significant influence over the
4 operation of gambling business; the percentage of ownership, if any, held by each identified
5 individual or entity; the reporting relationship for each identified individual or entity; and the job
6 title and number of persons in each of the job titles that report to each individual or entity
7 identified on the organization chart.

8 (16) “Other employee” means an individual employed by a primary owner who is not
9 authorized to serve as a player. “Other employee” does not include any owner, any supervisor,
10 or any officer or director of a primary owner that is a corporation. An individual registered or
11 licensed as an “other employee” may not function as a player unless and until that individual
12 applies for and obtains registration or licensure as a player.

13 (17) “Owner” includes all of the following:

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

16 (B) Any individual specified in Business and Professions Code section 19852, subdivisions
17 (a) through and including (h), and

18 (C) Any funding source.

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

21 (19) “Playing Book” means a record documenting each session of play by an individual
22 player.

23 (20) “Primary Owner” means the owner specified in subparagraph (A) of paragraph (17) of
24 this subsection.

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

28 (22) “Registrant” means a person having a valid registration.

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1 (23) "Registration" means a registration issued by the Commission pursuant to this chapter.

2 (A) There are four registration categories entitling the holder to participate in the operation of
3 a gambling business: primary owner, owner, supervisor, and player.

4 (B) All other employees of the primary owner who are present in the gambling establishment
5 during the operation of the gambling business, or who are authorized to perform information
6 technology (IT) technician duties as defined in paragraph (7) of subsection (b) of Section 12XX0
7 of Chapter 3, shall be registered as "other employee," and shall be required to submit an
8 application, which application shall be approved or denied based upon the same criteria that
9 apply to a player.

10 (C) A primary owner and an owner may also perform the functions of a supervisor or player,
11 and the holder of a supervisor's registration may also perform the functions of a player. No
12 registrant, other than an owner, supervisor, or player, may possess, direct, or otherwise control
13 currency, chips, or other wagering instruments used for play as part of the operation of a
14 gambling business.

15 (24) "Reinstatement Badge" means a badge provided to a player, a supervisor, or an "other
16 employee" pursuant to Section 12220.6 which authorizes an individual registrant or licensee who
17 has ceased to be employed by a primary owner to return to work for that primary owner.

18 (25) "Session of play" ~~as used in Section 12220.13 ("Playing Book")~~ means a continuous
19 work shift performed by a player at a specific gaming table.

20 (26) "Supervisor" means an individual who, in addition to any supervisory responsibilities,
21 has authority, on behalf of the primary owner, to provide or direct the distribution of currency,
22 chips, or other wagering instruments to affiliated registrants or licensees who are authorized to
23 play.

24 (27) "Supplemental information package" means all of the documentation and deposits
25 required by each of the following forms, which are referenced in paragraph (27) of subsection (b)
26 of Section 12200, to be submitted to the Bureau in response to a summons issued by the Bureau
27 pursuant to Section 12225.1.

28 (A) Owners, as defined in Section 12220, that are a natural person shall complete the form

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1 Level III Supplemental Information-Individual (BGC-APP-034A) for a level III investigation.
2 (B) Owners, as defined in Section 12220, that are not a natural person shall complete the
3 form Level III Supplemental Information-Business (BGC-APP-034B) for a level III
4 investigation.

5 (C) Supervisors, as defined in Section 12220, shall complete the form Level II Supplemental
6 Information (BGC-APP-033) for a level II investigation.

7 (D) Other employees, independent contractors, and players shall complete the form Level I
8 Supplemental Information (BGC-APP-032) for a level I investigation.

9 (28) "Transfer Badge" means a badge provided pursuant Section 12220.6 which authorizes
10 an individual registrant or licensee to work as an employee or independent contractor for a
11 subsequent primary owner after having ceased to work for an initial primary owner.

12 Note: Authority cited: Sections 19840, 19841 and 19853(a)(3), Business and Professions Code. Reference:
13 Sections 19805 and 19853(a)(3), Business and Professions Code.

14

15 **~~§ 12220.13. Playing Book.~~**

16 ~~(a) The primary owner shall be responsible for assuring that its players maintain accurate,~~
17 ~~complete, and up to date playing books for all sessions of play worked in conformity with~~
18 ~~regulations of the Commission. The information in the playing book record shall be transferred~~
19 ~~to the primary owner, or a supervisor designated by the primary owner at the end of each session~~
20 ~~of play. The primary owner shall maintain this information in English at a single location in the~~
21 ~~State of California, and shall maintain the original playing book records in the State of California~~
22 ~~for at least five (5) years. The location or locations where the records of this information and the~~
23 ~~original playing book records are maintained, and any change therein, shall be disclosed to the~~
24 ~~Commission and Bureau by written notice, mailed or delivered within five (5) business days~~
25 ~~after establishing or changing such a location.~~

26 ~~(b) The playing book shall be prepared and maintained as follows:~~

27 ~~(1) The playing book form shall be reviewed and approved or disapproved by the Bureau~~
28 ~~during the review of the primary owner's registration or license application.~~

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- 1 ~~(2) Each form in the playing book shall be recorded in ink and include, but not be limited to,~~
- 2 ~~the following information:~~
- 3 ~~(A) Sequential numbers. Any unused form shall be voided and maintained in the playing~~
- 4 ~~book.~~
- 5 ~~(B) The name of the gambling establishment where play occurred.~~
- 6 ~~(C) The date and approximate time when play occurred.~~
- 7 ~~(D) Beginning and ending balances.~~
- 8 ~~(E) Individual identification of all fills and credits affecting the balance.~~
- 9 ~~(F) The printed full name and badge number of the player, which includes owners,~~
- 10 ~~supervisors, and/or players.~~
- 11 ~~(G) The table number assigned by the gambling establishment.~~
- 12 ~~(H) The specific name of the Bureau approved gaming activity.~~
- 13 ~~(I) The name of the primary owner.~~
- 14 ~~(3) The form for each session of play shall be time stamped, dated, and signed under penalty~~
- 15 ~~of perjury by the person who prepared it and shall include a declaration in the following form: “I~~
- 16 ~~declare under penalty of perjury under the laws of the State of California that the foregoing is~~
- 17 ~~true and correct.”~~
- 18 ~~(e)(1) A Request for Approval of Playing Book form (BGC App 036), referenced in~~
- 19 ~~paragraph (1) of subsection (c) of Section 12200.13, must be completed and submitted to the~~
- 20 ~~Bureau for prior approval along with the following to constitute a complete request for initial~~
- 21 ~~approval or to amend the playing book form:~~
- 22 ~~(A) Processing fee of \$75.~~
- 23 ~~(B) Sample playing book form that complies with this section.~~
- 24 ~~(2) Review and approval or disapproval of an amended playing book form shall be completed~~
- 25 ~~within 30 days of receiving a completed request. Written notices shall be sent to the applicant or~~
- 26 ~~the applicant's designee.~~
- 27 ~~Note: Authority cited: Sections 19840, 19841 and 19853(a)(3), Business and Professions Code. Reference:~~
- 28 ~~Sections 19805 and 19853(a)(3), Business and Professions Code.~~

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Double underline and ~~double strikeout~~ denote post 10/07/14 roundtable changes.

CHAPTER 3. PLAYING BOOKS.

§ 12XX0. Definitions.

(a) Except as otherwise provided in subsection (b), the definitions in Business and Professions Code section 19805, and Sections 12002, 12200, and 12220 of this division, shall govern the construction of this chapter.

(b) For the purposes of this chapter, the following definitions apply:

(1) “Authentication” means the verification of an individual as being authorized to access a system.

(A) “Active authentication” means the identification information of an individual with permission to use or access an electronic playing book system.

(B) “Inactive authentication” means the identification information of an individual that no longer has permission to use or access an electronic playing book system.

(2) “Backup” means the process of copying files to a physical and removable second medium that is accessible to the Bureau or other law enforcement, including but not limited to disk, tape or flash memory.

(3) “Electronic playing book” refers to a collection of digital playing book forms.

(4) “Electronic Playing Book Device” or “playing book device” means a terminal used as an electronic playing book.

(5) “Hardcopy playing book” means a tangible collection of paper playing book forms.

(6) “Independent gaming testing laboratory” means a gaming testing laboratory that is licensed or registered in any United States jurisdiction to test, approve, and certify gambling equipment, systems, and software ~~in another United States jurisdiction.~~

ALTERNATIVE 1: *Require the gaming test laboratory to be accredited by an internationally-recognized accreditation body.*

(6) “Independent gaming testing laboratory” means a gaming testing laboratory that is:

(A) Licensed or registered to test, approve, and certify gambling equipment, systems, and software in ~~another~~ any United States jurisdiction; and,

Comment [JA1]: This alternative is related to the Bureau’s suggestion that testing labs be accredited in order to give the Bureau some assurance that the lab’s testing and certification is credible and performed properly.

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1 (B) Accredited by a signatory to the International Laboratory Accreditation Cooperation
2 (ILAC) Mutual Recognition Arrangement (MRA) or other equivalent laboratory accreditation
3 agreement.

4 - - -

5 (7) “Information technology technician” or “IT technician” means any person who is
6 responsible for and has the system permissions necessary to access an electronic playing book
7 system database, including but not limited to the software coding, data storage functions, all
8 critical components of system functioning, and the receipt of system alerts in accordance with
9 paragraph (8) of subsection (a) of Section 12XX7.

10 (8) “Permissions” means the assigned level of system access rights of an individual to view
11 or make changes to the content of a system.

12 (9) “Primary database” or “database” means a collection and storage of all electronic playing
13 book system information.

14 (10) “Synchronization” or “synch” means the process of uploading information from a
15 terminal to a primary database.

16 (11) “System” means a group of interdependent components that interact regularly to
17 perform a task.

18 (12) “Terminal” means computer hardware that is used to enter data into or display
19 information from a system.

20 Note: Authority cited: Sections 19840, 19841, 19853 and 19984, Business and Professions Code. Reference:
21 Sections 19805, 19841, 19853 and 19984, Business and Professions Code.

22
23 **§ 12XX1. General Provisions.**

24 (a) Nothing in this chapter shall prohibit a licensee from using more stringent standards, or
25 from having other applications or programs accessible from a terminal with access to the playing
26 book system. Programs performing processes other than playing book functions may be a
27 separate application, but any program with access to the electronic playing book database must
28 be approved by the Bureau. The licensee is responsible to ensure that there is no data leakage or

Comment [A2]: The text was changed to clarify that other applications may be used on a computer or e-playing book used to access the playing book system, but any application with access to the e-playing book will require Bureau approval. Regulations are always minimum standards.

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- 1 data contamination between the playing book database and an unauthorized source.
- 2 (b) The primary owner of a TPPPS company or gambling business shall be responsible for
- 3 assuring that its players maintain accurate, complete, legible, and up-to-date playing books in
- 4 conformity with regulations of the Commission for all sessions of play. A playing book shall be
- 5 established and maintained in either hardcopy or electronic form.
- 6 (~~b~~c) The information in a playing book record shall be transferred to the primary owner, or a
- 7 supervisor designated by the primary owner, at the end of each session of play.
- 8 (~~e~~d) Hardcopy playing book records shall be recorded in ink, and stored in accordance with
- 9 Section 12003. Electronic playing book records shall be electronically maintained in accordance
- 10 with the database and backup requirements of Section 12XX7.
- 11 (~~e~~e) A playing book form may use any method of data entry acceptable to the Bureau,
- 12 including, but not limited to, fillable spaces, pre-filled spaces, drop-down menus, or check-
- 13 boxes, as applicable. Each form in a playing book shall include, but not be limited to, all of the
- 14 following information:
- 15 (1) Sequential numbers for each gambling enterprise including a unique identifier for the
- 16 specific gambling enterprise. For hardcopy playing books, any unused form shall be voided and
- 17 maintained in the playing book.
- 18 (2) The name of the gambling establishment where play occurred.
- 19 (3) The date and time of commencement of each session of play.
- 20 (4) Beginning and ending balances.
- 21 (5) An itemization of all fills and credits for each session of play.
- 22 (6) The printed full name and badge number of the player, including owners and supervisors,
- 23 when acting as players.
- 24 (7) The table number assigned by the gambling enterprise.
- 25 (8) The specific Bureau identification number of the Bureau-approved controlled game
- 26 played.
- 27 (9) The name of the primary owner.
- 28 (10) The date and time of completion for each session of play.

Comment [A3]: The text was changed to clarify that the form can be generic with means of entering the appropriate information, rather than needing to approve a playing book form specific for each cardroom, and examples of how that information may be entered.

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(11) The signature of the player ~~who prepared the record~~ whose activity is being recorded and the signature of a supervisor. Each signature shall include a declaration in the following form: “I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.”

(A) For playing book devices, a signature shall consist of any method that is supported by the electronic playing book system and approved by the Bureau. This may include, but is not limited to, a signature signed onto a touch-screen, the activation of a mandatory checkbox, or the use of one or more authentications, or any combination thereof. Examples of authentication include, but are not limited to, unique username, password, pin, fob/badge recognition, security image, caption verification, security question, Quick Response (QR) coding, biometrical verification, or facial recognition, or any combination thereof.

(B) For electronic playing books, the version of the playing book form to be signed by the player whose activity is being recorded must be in the same format as the printed version of the approved playing book form and visible as one document on the playing book device. ~~visible on the playing book device must be the same as the printed version of the approved playing book form, and the form information must be accessible on the same screen to the player who prepared the playing book form when the player signs the form.~~ If screen size is a constraint, scrolling across or up and down to view different areas of the form is permitted.

OPTION 1a: *Require that all playing book data be transmitted to the Bureau on a daily basis. Require that any significant losses (exceeding a threshold amount to be determined) be reported to the Bureau immediately. This will provide the Bureau with critical data necessary for the preparation of market tracking analyses, audit triggers, statistical exception reports, and other analyses to aid in their enforcement and audit oversight roles.*

(e) The primary owner or designee shall transmit the information collected from all playing book records to the Bureau daily, in a manner and format specified by the Bureau, to enable the Bureau to perform appropriate statistical data analyses.

(f) The primary owner or designee shall notify the Bureau of any significant loss of \$XXX (amount to be determined) or more, incurred in a single controlled game, immediately upon the

Comment [JA4]: These requirements apply to both hardcopy and electronic playing books. A corresponding option would be added to § 12XX7 to address uploads and reports from an electronic playing book system.

Comment [A5]: The TPPPS industry and the Bureau indicated that this option is burdensome. The Bureau added that the work product that they are expected to produce is unclear. This option remains for further discussion at the workshop.

Comment [A6]: The TPPPS industry noted that “significant” is not clear. What may be considered “significant” can vary by game, by shift, by tournament, time period, etc. “Significant” can dramatically change just in the normal course of this business. This option remains for further discussion at the workshop.

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1 determination of the loss.

2 - - -

3 Note: Authority cited: Sections 19840, 19841, 19853 and 19984, Business and Professions Code. Reference:
4 Sections 19826, 19841, 19853 and 19984, Business and Professions Code.

5

6 § 12XX3. Approval of Playing Book Forms.

7 (a) The Bureau shall review and approve or disapprove all playing book forms. Only an
8 approved playing book form on record with the Bureau may be used during play.

9 (b) To request approval of a new or amended playing book, the form Request for Approval of
10 Playing Book Form or Electronic Playing Book System, BGC-APP-036 (Rev. ##/##), attached in
11 Appendix A to this chapter, must be completed and submitted to the Bureau along with the
12 following:

13 (1) A processing fee of \$75.

14 (2) Those using hardcopy playing books shall submit a sample playing book form that
15 complies with Section 12XX1. Those using an electronic playing book system shall submit a
16 printed playing book form, screen-shots or pictures of the form as it appears on the device, a
17 copy of the current certification of the electronic playing book system, and a description of how
18 a signature will be indicated, as specified in subsection (d) of Section 12XX1.

19 (3) If the approval is for an amended form, a brief description of any changes made to the
20 previously approved form shall be included.

21 (c) The Bureau shall notify the applicant in writing that a request or a resubmitted request for
22 an initial or amended playing book form approval is complete and accepted for filing or is
23 deficient and what is necessary to correct any deficiencies within 10 working days after the
24 receipt of the request. The Bureau shall review and approve or disapprove an initial or amended
25 playing book form within 30 days of receiving a completed request. Written notices shall be sent
26 to the primary owner or the primary owner's designee.

27 (d) If a change is non-substantive, such as a change in formatting, font, spacing, or other
28 cosmetic change, the primary owner may submit a notice and copy of the form to the Bureau to

Comment [A7]: A TPPPS would need to be registered prior to entering into any contract, and can have a form approved during that registration period to use in any cardroom. Once a generic form is approved this form may be used in any cardroom.

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1 update the Bureau’s records. This notice shall be deemed accepted unless otherwise advised by
2 the Bureau within 30 days of receiving the notice. The Bureau may determine the change is
3 substantive and require the primary owner to request approval pursuant to subsection (b).

4 (e) An approved playing book form may be used at any gambling establishment where the
5 TPPPS company or gambling business operates.

6 Note: Authority cited: Sections 19840, 19841, 19853 and 19984, Business and Professions Code. Reference:
7 Sections 19826, 19841, 19853 and 19984, Business and Professions Code.

8
9 **§ 12XX5. Electronic Playing Book Device Requirements.**

10 (a) Electronic playing book devices must meet the following information storage and
11 retrieval requirements:

12 (1) The capability to retrieve or display information for system integrity and certification
13 confirmation.

14 (2) The playing book form and recorded data shall be exportable as a printable version of the
15 playing form and to a spreadsheet file format.

16 (3) Documentation must be printable from an on-site printer.

17 (b) Electronic playing book devices must meet the following security requirements:

18 ~~(1) A minimum of two methods of authentication shall be required at login, including but not~~
19 ~~limited to the options in paragraph (1) of subsection (d) of Section 12XX1. The system must~~
20 ~~only allow active authentications to access the device. After three failed attempts to access the~~
21 ~~device, the system must log the failed attempts and must not permit access under that individual~~
22 ~~authentication until reset by a registered or licensed IT technician.~~

23 ~~(2) Upon login, the date and time of last login by the user must appear and be accepted.~~

24 ~~(3) The device shall have anti-virus and unauthorized software installation protection.~~

25 ~~(4) The system shall not allow a user to be active on more than one playing book device at a~~
26 ~~time without specific permissions as indicated on the chart of system access for the electronic~~
27 ~~playing book system.~~

28 (c) Electronic playing book devices must have the following capabilities and limitations:

Comment [A8]: Moved to 12XX7 to apply to all users, not just those using the devices in the cardrooms (accountants, the owner, etc). Also, this is a function of the database, and not the device.

Comment [A9]: In addition to audit purposes, this is also a common security feature. Not only does the last time/date alert a user if someone else has used the information (shows date/time when user not on shift), but gives the date and time of the last breach, AND provides a deterrent for misuse. Used by NJ tech standards, 13:69O-1.1

Comment [A10]: Moved to 12XX7 to apply to all users, not just those using the devices in the cardrooms (accountants, the owner, etc). Also, this is a function of the database, not the device.

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1 (1) All access, activities, and entries into the playing book device shall be time, date and user
2 identification stamped.

3 (2) All information entered into the playing book device must be automatically synched to
4 the database in time increments of 10 seconds or less.

5 (3) Have manual synch capabilities.

6 (4) Have the ability to remain functional and save to the playing book device in the event of
7 database connectivity failure. Information must be synchronized upon reconnection.

8 ~~(5) Shall be a terminal authorized by the system only as an playing book device, and shall not~~
9 ~~be an authorized terminal to perform any other function in the system.~~

10 (d) In case of a playing book device failure, printed copies of the approved electronic playing
11 book form must be available for use until the device is repaired or replaced. Any information
12 recorded manually shall be later entered into the database with a notation that the information
13 was originally recorded manually and the reason therefore.

14 Note: Authority cited: Sections 19840, 19841, 19853 and 19984, Business and Professions Code. Reference:
15 Sections 19826, 19841, 19853 and 19984, Business and Professions Code.

16
17 **§ 12XX7. Electronic Playing Book Database Requirements.**

18 (a) The primary database must meet the following security requirements:

19 ~~(1) Database access shall require a minimum of three methods of authentication for login,~~
20 ~~including but not limited to the options in paragraph (11) of subsection (d) of Section 12XX1.~~
21 ~~The system must only allow registered or licensed IT technicians with active authentications to~~
22 ~~access the database. After three failed attempts to access the device, the system must log the~~
23 ~~failed attempts, notify the primary owner, and not permit access under that individual~~
24 ~~authentication until reset by another person with IT technician permissions~~

25 ~~(2) If access to the database must be made by a non-licensed party, a registered or licensed IT~~
26 ~~technician shall monitor and be responsible for this access at all times.~~

27 (3) All access, activities and data entries shall be date, time, user identification, and terminal
28 identification stamped and logged.

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Double underline and ~~double strikeout~~ denote post 10/07/14 roundtable changes.

1 ~~(4) The database shall not allow a user to be active on more than one terminal at a time~~
2 ~~without specific permissions as indicated on the chart of system access for the electronic playing~~
3 ~~book system.~~

4 (5) All communications between the database and any terminal, including the playing book
5 devices, must be encrypted.

6 ~~(6) The database shall have anti-virus and unauthorized software installation protection.~~

7 (7) The physical database must be surge protected and uninterrupted power supply (UPS)
8 protected.

9 ~~(8) The authentication for any person losing permission to use the system must be made~~
10 ~~inactive within 24 hours of the loss of permission.~~

11 (9) The database must be able to identify and log the date, time, and terminal of any
12 unauthorized access, system error, or connectivity failure and notify a registered or licensed IT
13 technician.

14 (b) The database must control system access through the following authentications,
15 verifications, and permissions:

16 (1) All users require a minimum of two methods of authentication at login, including but not
17 limited to the options in paragraph (11) of subsection (d) of Section 12XX1. The database must
18 only allow active authentications to access the device. After three failed attempts by a user to
19 access the system, the database must log the failed attempts and must not permit access under
20 that user's authentications until reset by a registered or licensed IT technician.

21 (2) An IT technician shall require a minimum of three methods of authentication for login to
22 access the database, including but not limited to the options in paragraph (11) of subsection (d)
23 of Section 12XX1. The database must only allow registered or licensed IT technicians with
24 active authentications to access the database. If an IT technician has three failed attempts and is
25 denied access to the database, the database must log the failed attempts, notify the primary
26 owner, and not permit access under that individual authentication until reset by another person
27 with IT technician permissions.

28 (3) The authentication for any person losing permission to use the system must be made

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1 inactive within 24 hours of the loss of permission.

2 (4) The database shall not allow a user to be active on more than one terminal or device at a
3 time without specific permissions as indicated on the chart of system access for the electronic
4 playing book system. The database must be able to identify the terminal and user accessing the
5 system at all times.

6 (c) The primary database must meet the following information storage and retrieval
7 requirements:

8 (1) Data stored in the system cannot be edited, deleted, or replaced. If any necessary changes
9 to the data are made, all original data must be preserved, with a notation or documentation of any
10 edits, deletions, or replacements, and the reasons therefore.

11 (2) The database must have the ability to generate the following information:

12 (A) A system report, including, but not limited to, errors, failed login attempts, and
13 successful logins.

14 (B) A list of all notations that indicate edits, deletions, or replacements of original data.

15 (3) The database must have the capability to retrieve or display system information for
16 system integrity and certification confirmation.

17 - - -

18 **OPTION 1b:** These requirements would facilitate the transmittal of playing book information,
19 and the reporting of significant losses to the Bureau from an electronic playing book system.

20 (4) The database must have the ability to compile the information collected from all playing
21 book records pursuant to subsection (e) of Section 12XX1, and automatically upload that
22 information daily to a database maintained by the Bureau, and in a format specified by the
23 Bureau.

24 (5) The database must have the ability to automatically notify the primary owner, or a
25 supervisor designated by the primary owner, and the Bureau of any significant losses, as
26 provided in subsection (f) of Section 12XX1.

27 - - -

28 (e) A backup of the system and database shall be performed daily and documentation

Comment [JA11]: These requirements correspond to the requirements in § 12XX1 that playing book information be transmitted to the Bureau daily, and that significant losses be reported to the Bureau immediately upon the determination of the loss.

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1 maintained in a physically secured location in accordance with paragraph (2) of subsection (e)
2 for five years.

3 (~~e~~) The database must have date and time synchronization for all playing book devices,
4 terminals, and the database, controlled or updated by a network time protocol server.

5 (~~e~~f) The database must meet the following location requirements:

6 (1) The location of the database shall be in California and disclosed to the Bureau in
7 accordance with Section 12003; and,

8 (2) A backup storage location must be at a site other than where the primary database is
9 located for increased protection. A backup storage location shall be in California and disclosed
10 to the Bureau with consent to entry and administrative inspection by the Bureau.

11 (g) If access to the database must be made by a non-licensed party, a registered or licensed IT
12 technician shall monitor and be responsible for this access at all times.

13 Note: Authority cited: Sections 19840, 19841, 19853 and 19984, Business and Professions Code. Reference:
14 Sections 19826, 19841, 19853 and 19984, Business and Professions Code.

15
16 **§ 12XX9. Approval of Electronic Playing Book Systems.**

17 (a) Each electronic playing book system requires prior approval by the Bureau. ~~Security or~~
18 ~~system replacements or upgrades require certification by an independent test laboratory and~~
19 ~~Bureau approval. Security updates of a previously approved version do not require certification~~
20 ~~by an independent testing laboratory or Bureau approval. Any update to internally developed~~
21 ~~software or database requires notification to the Bureau within five business days of the update~~
22 ~~that includes a description of the update and its necessity.~~

23 (~~b~~) To request approval of an electronic playing book system, the form Request for Approval
24 of Playing Book Form or Electronic Playing Book System, BGC-APP-036, referenced in
25 subsection (b) of Section 12XX3, must be completed and submitted to the Bureau along with the
26 following:

27 (1) A processing fee of \$75 per system.

28 (2) Certification from an independent gaming testing laboratory ~~of~~ that the electronic playing

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1 book system, including the software, the database, and a playing book device prototype, meets
2 the requirements of this chapter. The certification shall identify which technical test standard
3 was used ~~during testing~~, if any. If no technical test standard was used, a statement to that effect
4 must be included in the certification.

Comment [A12]: The text was clarified to refer to the technical testing standard used to certify that the system is in compliance with this chapter. That test is whichever standard that the gaming test laboratory uses, not a standard specified in these regulations.

5 (3) A chart of system access, providing the position titles, methods of authentication, and the
6 permissions granted for any use of or access to the system. After initial approval, any changes in
7 the chart of system access must be submitted to the Bureau within five business days of the
8 change. All IT technicians are required to be registered or licensed as “other employees” to
9 access the electronic playing book database.

10 (4) A summary of the design of the system, as it is in use, which may be submitted in written
11 or video format, or both.

12 (5) The name and contact information of a registered or licensed IT technician responsible
13 for the administration of the electronic playing book system, who must be available by phone to
14 answer any questions during the Bureau’s normal business hours.

15 (e) The Bureau shall notify the applicant in writing that a request or resubmitted request for
16 an electronic playing book system approval is complete and accepted for filing or is deficient,
17 and what is needed to correct any deficiencies, within 30 working days after the receipt of the
18 request. The Bureau shall review and approve or disapprove an initial or amended playing book
19 system within 120 days of receiving a completed request. Written notices shall be sent to the
20 primary owner or the primary owner's designee.

21 (c) Security or system replacements or upgrades require certification of continued
22 compliance with the requirements of this chapter by an independent gaming test laboratory and
23 Bureau approval.

24 (1) Security updates of a previously approved version do not require Bureau notification or
25 approval, or certification by an independent gaming test laboratory.

26 (2) Any update to software or system components developed by the licensee or an employee
27 of the licensee requires notification to the Bureau within five business days of the update that
28 includes a description of the update and its necessity.

Comment [A13]: Consequences for failure to notify the Bureau should be added.

As the Commission and the Bureau have statutorily granted power to place consequences on a licensee for failing to comply with the regulations, any additional or specific consequences can be suggested and discussed at the workshop.

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1 Note: Authority cited: Sections 19840, 19841, 19853 and 19984, Business and Professions Code. Reference:
2 Sections 19826, 19841, 19853 and 19984, Business and Professions Code.

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