

CALIFORNIA GAMBLING CONTROL COMMISSION

CALIFORNIA CODE OF REGULATIONS
TITLE 4. BUSINESS REGULATIONS
DIVISION 18. CALIFORNIA GAMBLING CONTROL COMMISSION

ACCOUNTING REFERENCE CORRECTION
CGCC-GCA-2017-05-N

SECTION 100. CHANGES WITHOUT REGULATORY EFFECT

Pursuant to Title 1, Division 1, Chapter 1, Article 2, Section 100(b)(3), of the California Code of Regulations (CCR), the California Gambling Control Commission (Commission) hereby submits this written statement explaining why the proposed changes to CCR Title 4, Division 18, Sections 12386, 12391, and 12566,¹ have no regulatory effect.

CHANGES TO TEXT

Section 12386, subsection (a), paragraph (2), subparagraph (G), is amended to revise the reference of Section 12404 to Section 12315. Section 12404 was previously moved to Section 12315 (OAL File No. 2014-1219-03 S); however, this reference was inadvertently missed. This change only corrects the reference while maintaining existing regulatory requirements.

Section 12391, subsection (a), paragraph (4), is amended to revise the reference of Section 12404 to Section 12315. Section 12404 was previously moved to Section 12315 (OAL File No. 2014-1219-03 S); however, this reference was inadvertently missed. This change only corrects the reference while maintaining existing regulatory requirements.

Section 12566, subsection (b), paragraphs (10) and (11), and subsection (c), paragraphs (13) and (14), are amended to revise the reference of Article 4 of Chapter 7 to Sections 12312, 12313, 12315, and 12316. These four sections were amended, renumbered, and moved from former Article 4 of Chapter 7 to Article 1 of Chapter 5 (OAL File No. 2014-1219-03 S), as more fully described below; however, reference to these moved sections were inadvertently missed. This change corrects the reference while maintaining existing regulatory requirements over the content requirements of accounting and financial reporting.

SPECIFIC FINDINGS

With respect to the foregoing, the Commission finds as follows:

¹ All references to the California Code of Regulations hereinafter refer to Division 18 of Title 4, unless otherwise specified.

NECESSITY:

Sections 12386 and 12391

Section 12404 was previously moved to Section 12315 (OAL File No. 2014-1219-03 S). Without correcting the reference to Section 12315, the intent of the previous rulemaking is not accurately reflected. This correction is necessary in order for these sections to be effective.

Section 12566

Most of Article 4 of Chapter 7 was previously moved to Article 1 of Chapter 5 (OAL File No. 2014-1219-03 S). Without correcting the reference to Section Article 4 of Chapter 7, the intent of the previous rulemaking is not accurately reflected. This correction is necessary in order for these sections to be effective.

CONSISTENCY:

Sections 12386 and 12391

Section 12404 was previously moved to Section 12315 (OAL File No. 2014-1219-03 S). Without correcting the reference to Section 12315, the intent of the previous rulemaking is not accurately reflected.

Section 12566

As part of a previous regulations change (OAL File No. 2014-1219-03 S), Article 4 of Chapter 7 was repealed, with the majority of the provisions being moved to Article 1 of Chapter 5, as Sections 12312, 12313, 12315, and 12316. The moved provisions were:

| <u>Repealed Section</u> | <u>New Section</u> |
|-------------------------|--------------------|
| §12401 | §12312 |
| §12402 | §12312 |
| §12403 | §12313 |
| §12404 | §12315 |
| §12410 | §12316 |

The definitions of Article 4 of Chapter 7 (repealed Section 12400) were consolidated with other definition sections. Provisions related to the function of record keeping (such as the retention requirements of repealed Section 12405 and the language requirements of repealed Section 12406) were moved to Section 12003. Section 12003 is a general provision relating to all records required to be maintained by the Commission.

While the four paragraphs within Section 12566 [paragraphs (10) and (11) of subsection (b), and paragraphs (13) and (14) of subsection (c)] no longer cover some definitions and those provisions moved to Section 12003, this does not alter the effect of the four paragraphs. This is because these four paragraphs deal with the content of the records, content that is covered in Sections 12312, 12313, 12315, and 12316. The specific content covered includes:

- Paragraph (10) of subsection (b) covers false or incomplete financial data.

- Paragraph (11) of subsection (b) covers the inspection of records required to be maintained.
- Paragraph (13) of subsection (c) covers providing false or intentionally incomplete financial data.
- Paragraph (14) of subsection (c) covers refusal to allow the inspection of required records or information.

These provisions do not deal with the function of record keeping, e.g. whether the information was stored in California or if they were in English, as the provisions moved Section 12003 require. Without correcting the reference to Section 12400 of Article 4 of Chapter 7, the intent of the previous rulemaking is not accurately reflected.

While the parts of Article 4 of Chapter 7 that were moved received some modifications, such as adding Third-Party Providers of Proposition Player Services (TPPPS) companies and gambling businesses, this change does not alter the function of these four paragraphs [paragraphs (10) and (11) of subsection (b), and paragraphs (13) and (14) of subsection (c)] because Section 12566 is specifically limited to actions taken by gambling establishments.

Prior to the repeal of Article 4 of Chapter 7, these paragraphs provided that content requirements of all accounting provisions for gambling establishments were subject to the penalties of Section 12566. This correction maintains the consistent coverage of all accounting provisions.

THE PROPOSED ACTION HAS NO REGULATORY EFFECT

The proposed changes will not materially alter any requirement, right, responsibility, condition, prescription, or other regulatory element of any CCR provision. This proposed change simply revises and corrects an inadvertent oversight and maintains the original intent of three existing provisions.