

**CALIFORNIA GAMBLING CONTROL COMMISSION**  
**DESCRIPTION OF PROPOSED REGULATORY ACTION**  
**LICENSING**

**INTRODUCTION:**

The California Gambling Control Commission (Commission) is proposing to amend previously adopted regulations for the issuance of licenses related to the ownership, operation, and employment of Cardroom Business Licenses, third-party providers of proposition player services (TPPPS) and gambling businesses. These proposed amendments to the regulations better implement various aspects of the Gambling Control Act (Act)<sup>1</sup> and provide for a consistent, streamlined licensing process.

A majority of the proposed changes consist of a general reorganization of the regulations and the combining of similar but separate processes. Additionally, clarity and specificity is provided in the licensing process. Finally, the program for licensing gambling businesses and gambling businesses employees is repealed.

**EXISTING LAW:**

Business and Professions (B&P) Code section 19801, subdivision (h) provides that comprehensive regulation is required for all persons and associations related to the operation of lawful gambling establishments.

B&P Code section 19801, subdivision (i) provides that all persons having a significant involvement in gambling operations must be licensed and regulated in order to protect the public health, safety, and general welfare.

B&P Code section 19801, subdivision (k) provides that gambling establishments and people participating in associated activities be licensed, and that licensure is a revocable privilege with no vested rights acquired.

B&P Code section 19805 provides definitions and terms.

B&P Code section 19823 provides that it is the Commission's responsibility to ensure that licenses are not issued to unqualified or disqualified persons whose operations are conducted in a manner inimical to the public health, safety, or welfare. Additionally, to ensure that there is no material involvement, directly or indirectly, between a licensed gambling operation and any unqualified or disqualified persons.

B&P Code section 19824, subdivision (a) provides that it is within the Commission's power to enact regulations to require the licensure of any person.

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<sup>1</sup> Business and Professions Code section 19800, et seq.

B&P Code section 19824, subdivision (d) provides that the Commission is empowered to ensure that no ineligible, unqualified, disqualified, or unsuitable person is associated with controlled gambling activities.

B&P Code section 19841, subdivision (a) provides that the Commission, when requiring an application, may require specific information be provided by the applicant including; a person's personal history, habits, character, associates, criminal record, business activities, organization structure, financial affairs, and require fingerprinting or other methods of identification. Additionally, the Commission may provide the manner and method for the collection and payment of fees.

B&P Code section 19850 provides that every person who conducts any controlled game, either as an owner or employee, or who receives, directly or indirectly, any compensation or percentage share of the money from that controlled game shall be required to apply for and obtain from the Commission a state gambling license, key employee license, or work permit.

B&P Code section 19851 provides that the owner of a Cardroom Business License shall apply for and obtain a single license, and where the owner is a non-natural person, other individuals and owners are endorsed on the primary license.

B&P Code section 19852 provides for how specific non-natural persons and related natural persons are recursively licensed.

B&P Code section 19852.2 provides for how specific non-natural persons shall be licensed if that non-natural person is a limited partnership with an interest in a racetrack card club.

B&P Code section 19853 provides specific situations where the Commission may require persons to be licensed.

B&P Code section 19854 provides requirements for the licensing of key employees.

B&P Code section 19855 provides that every individual who is required to hold a license shall obtain the license prior to engaging in the activity for which the license is required.

B&P Code section 19857 provides the Commission with basic standards that must be considered when determining an applicant's suitability for licensure.

B&P Code section 19859 provides the Commission with basic prohibitions upon which they must deny an application for licensure.

B&P Code section 19864 provides that all applications are submitted to the Bureau of Gambling Control (Bureau) and minimum content requirements for an application for a gambling license.

B&P Code section 19865 provides that supplemental forms are required in addition to the application.

B&P Code section 19866 provides that the applicant is required to make a full and true disclosure of all necessary information to the Commission and Bureau.

B&P Code section 19868, subdivision (a) provides timeline requirements that the Bureau must follow when processing an application.

B&P Code section 19873 provides that a license may not be assigned or transferred.

B&P Code section 19874 provides that once the Commission is satisfied that the applicant is eligible and qualified to receive a license and that all necessary fees have been paid; the Commission shall issue the applicant a license.

B&P Code section 19876 provides that a license shall be renewed every two years and provides timelines for application submittal and consideration. In addition, the section provides for what happens if a renewal application is late or not submitted.

B&P Code section 19877 provides that if a renewal application is not submitted, a license may be deemed surrendered.

B&P Code section 19912 provide requirements, guidance, and restrictions for the issuance of work permits.

B&P Code section 19913 provides for how the Commission may suspend a work permit, even if issued by a city, county, or city and county.

B&P Code section 19914 provides for how the Commission may revoke or require the revocation of a work permit, even if issued by a city, county, or city and county.

B&P Code section 19915 provides that the fee for a work permit shall be at least \$25 and not more than \$250.

B&P Code section 19951 provides for fees associated with applications for a license or other approval.

B&P Code section 19952 provides that the Commission shall have a process for issuing special licenses authorizing temporary tables for tournaments and other special events.

B&P Code section 19984, subdivision (b), provides that the Commission shall establish criteria for the licensure of any person or entity that provides proposition player services.

California Code of Regulations (CCR), Title 4, Division 18, Section 12002 provides general definitions for Division 18.

CCR Section 12003 provides record maintenance requirements.

CCR Section 12015 governs the withdrawal of applications.

CCR Section 12056 provides general procedures for when the Commission elects to hold an evidentiary hearing.

CCR Chapter 2 provides procedures for the acceptance and consideration of applications for work permits including temporary work permits. This chapter includes provisions for mandatory and discretionary grounds for denial, processing timelines for the review of applications, and provisions for the replacement of lost badges.

CCR Section 12200 provides definitions for Chapter 2.1, the chapter for TPPPS.

CCR Section 12200.1 provides for the disposition of the final certification issued by the Commission for primary owners and owners.

CCR Section 12200.3 provides for the specific requirements for the badge issued by the Commission upon approval of a request for registration or licensure.

CCR Section 12200.5 provides for badge replacement if needed.

CCR Section 12200.6 provides for the transfer or reinstatement of a registered or licensed player.

CCR Section 12200.20 provides for TPPPS payment of an annual fee.

CCR Article 2 of Chapter 2.1 provides procedures for the application processes related to TPPPS registrations, including; processing timelines, temporary registrations, and cancelling registrations. Additionally, this article provides the process for how a registration is transitioned to a license.

CCR Chapter 2.2 provides procedures for gambling businesses, including; registration and licensing standards, badge standards, and all other procedural requirements that gambling businesses and its employees are required to follow in their participation in any controlled game.

CCR Chapter 6 provides licensing standards and procedures for gambling licenses and key employees, including; procedures for applying for and processing initial and renewal licenses, procedures for applying for interim key employee licenses, procedures for applying for interim gambling business licenses, standards for disqualification of a license, standards for surrendering or abandoning a gambling license, and control procedures for a Cardroom Business License such as annual fees and the number of allowed tables.

**PROPOSED ACTION:**

This proposed action will make changes within Division 18 of Title 4 of the California Code of Regulations, as follows:

A general change has been made in the proposal to remove the word “shall.” Shall is a potentially ambiguous word. In most connotations it is used to convey an obligation. However, the word has been used in a variety of contexts to convey a range of ideas including “may,” defining a term, meaning “should,” etc. In an effort to foreclose any such ambiguity, shall is replaced throughout the text with other words subject to less interpretation. These are non-substantive, clarifying changes.

The proposed changes in Chapter 1 are as follows:

Amend Section 12002. Definitions.

This section provides general definitions for overall usage in this division. As part of this proposal, new definitions are proposed, definitions are moved from other sections, and one definition is repealed. Additional changes have been proposed to other definitions, including a general renumbering to reflect the new and repealed definitions.

Subsection (g) is added to include a definition for “cardroom business license.” This definition provides a single term for the holder of the license certification. The Act uses two terms to refer to this entity; gambling enterprise and owner licensee [also owner-licensee]. This definition is necessary to provide clarity in the Commission’s regulations. This single term is provided so that only one consistent term is used within the regulations. Additionally, the regulations have been globally updated to replace the terms gambling enterprise, owner license, and owner-licensee with this term.

Subsection (h) is added to include a definition for “cardroom endorsee license.” This definition provides a term to refer to those who are endorsed on a license certificate. While these individuals currently exist and are referenced in both the Act and regulations, there has not previously been a consistent term to refer to them. Providing this term is necessary to provide a clear and consistent term to refer to those endorsed on a cardroom’s license certificate.

Subsection (i) is added to include definition for “cardroom license.” This definition provides a term to refer to both gambling licenses and gambling enterprise employee licenses. The use of this term is necessary to simplify and clarify provisions that refer to these license types without requiring a list to be provided every time.

Subsection (j), formerly subsection (g), provides the definition for “California game.” This definition currently means any controlled game that features a rotating player-dealer position, as described in Penal Code section 330.11. The proposed action removes the term “rotating” from the definition. This is a non-substantive change as Penal Code section 330.11 defines the requirements for the rotation of a player-dealer position and the removal of the term doesn’t alter this foundational requirement.

Subsection (k), formally subsection (n), provides the definition for “dealer’s bank.” This definition is updated to be consistent with other changes to definitions. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (o) is added to include a definition for “designated agent.” Currently, the Bureau’s regulation in Title 11, CCR Section 2010, subsection (e) provides a definition of designated agent; however, the Commission’s regulations do not. Notwithstanding, the term designated agent is used in the Commission’s regulation, with an understanding that the definition was consistent with the Bureau’s definition. Further review has determined that the Bureau’s definition is inconsistent with the intent of the Commission’s usage of the term, and the proposed definition is necessary to provide clarification. The Bureau’s definition limits a designated agent to representing an owner of a gambling establishment or primary owner of a TPPPS. In the Commission regulations, designated agent is intended to reference a person appointed to represent *any* applicant or licensee. Should the Commission actually use the Bureau’s definition, any other status of applicant or licensee besides the owner of a Cardroom Business License or TPPPS primary owner would be unable to benefit from Commission provisions, such as Section 12006, and would be counter to the intent when these regulations were implemented. While this does create a different standard than currently in the Bureau’s regulations, this definition would include every person who would be considered a designated agent under the Bureau regulations, and more importantly, is consistent with the practices of both the Commission and the Bureau.

Subsection (p), formally subsection (l), provides the definition for “drop.” This definition is updated to be consistent with other changes to definitions. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (q) is added to include a definition for “employee license.” This definition provides a term to refer to the employees of a cardroom and a third-party provider of proposition player services. The use of this term is necessary to simplify and clarify provisions that refer to these license types without requiring a list to be provided every time.

Existing subsection (p) is repealed. Currently, this subsection provides the definition for “gambling business.” The repeal of this definition is necessary in order to be consistent with the repeal of Chapter 2.2.

Subsection (u) is added to include a definition for “gambling business license.” This definition replaces the current usage. As the provisions of Chapter 2.2 are being repealed and the gambling business program no longer referred to in regulation, the term “gambling business” is no longer defined. The new definition of “gambling business license” provides a definition that is a simple, clear term to reference both gambling licenses and TPPPS owner licenses. The use of this term is necessary to simplify and clarify provisions that refer to these license types without requiring a list to be provided every time.

Subsection (w) is added to include a definition for “gambling enterprise employee license.” This definition is provided both incorporate the definition provided in Business and Professions Code section 19805, subdivision (n), but also provides clarity that for the purposes of the Commission’s regulations the term is limited to include only key employee license and Commission issued work permits. This is necessary to provide clarification to which types of Commission approvals are being referred to in the regulations and also to make the references the same as those other terms used in the regulations.

Subsection (x) is added to provide a definition for “gambling license.” This definition is provided both incorporate the definition provided in Business and Professions Code section 19805, subdivision (p) and also to make the references the same as those other terms used in the regulations.

Subsection (y) is added to include the definition for “gaming activity.” This definition is currently housed in Section 12360(f), applying only to Chapter 7. Currently the term is only used in Chapter 7 and so the definition was only needed to apply to Chapter 7. As part of this proposed action, the use of the term is being added to other chapters so that all uses of the term utilize the same definition.

Subsection (aa) is added to include a definition for “initial license.” Currently B&P Code section 19805, subdivision (v), states “‘initial license’ means the license first issued to a person authorizing that person to commence the activities authorized by that license.” This definition, while clear, is very broad. In the proposed regulations, there is a need to differentiate not only between initial licenses, renewal licenses, temporary licenses, and interim licenses, but also at a more specific level such as initial key employee licenses and initial gambling licenses. In order to allow for these more specific references, it is necessary to provide clarity to the definition of initial license by including specific reference to these other sub-types.

Subsection (ab), formerly subsection (s), provides the definition for “interim license” and is amended to provide consistency with the revisions of Section 12349, renumbered to Section 12132 and expanded from interim gambling license to interim gambling business license. Additionally, interim key employee license is removed. An interim license is a category of license that is issued to allow for continuous operation of a Cardroom Business License or TPPPS Business License while the regular license application is being processed. An interim key employee license is intended to allow for an individual to work as a key employee while their initial application is being considered and that is inconsistent with the concept of interim license. Therefore, it has been removed from the definition, renamed, and included within the definition for temporary licenses.

Subsection (ad) moves the definition of “key employee license” from paragraph (1) of subsection (b) of Section 12335. The reference to the license being portable has been removed as portability has now been addressed in Section 12102, subsection (f).

Subsection (ae), formerly subsection (u), provides the definition for “license” and is amended to repeal the reference to a person being endorsed on a registration. Current regulations include many types of licenses, such as for TPPPS, gambling businesses, and manufacturers and distributors. However, the only regulations that allow for a person to be endorsed on a registration are included in TPPPS and gambling businesses and under these proposed regulations that procedure is being repealed. Therefore, while registrations will still exist and are thus maintained within the definition, maintaining the reference to registrations being endorsed is unnecessary.

Subsection (ah), formally subsection (w), provides the definition for “player’s bank.” This definition is updated to be consistent with other changes to definitions. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (ai) is added to include a definition for “renewal license.” Currently B&P Code section 19805, subdivision (aj), provides that a “renewal license’ means the license issued to the holder of an initial license that authorizes the license to continue beyond the expiration date of the initial license.” This definition, while clear, is very broad. In the proposed regulations there is a need to differentiate not only between initial licenses, renewal licenses, temporary licenses and interim licenses, but also at a more specific level such as renewal key employee licenses and renewal gambling licenses. In order to allow for these more specific references, it is necessary to provide clarity to the definition of renewal license by including specific reference to these other sub-types.

Subsection (ak), formerly subsection (z), provides the definition of “temporary license” and is amended to be consistent with other proposed changes. Specifically, work permits are added to the definition so that the general term refers to any temporary license issued pursuant to Chapter 2. Additionally, the definition provides a more specific level of differentiation to allow for specific temporary license types such as temporary key employee license and temporary gambling license. In order to allow for these more specific references, it is necessary to provide clarity to the definition of temporary license by including specific reference to these other sub-types.

Subsection (al), formerly subsection (aa), provides the definition for “third-party providers of proposition player services.” This definition is amended to be consistent with other proposed changes. In addition, the definition is simplified to be “third-party proposition player services.” As part of this proposal, Chapter 2.1 [paragraph (26) of subsection (b) of Section 12200] is proposed to be repealed. This includes the primary definition for the term “third-party providers of proposition player services.” This term is required to provide clarity to its usage within these regulations. Therefore, it has been moved to the general definitions. The definition now includes non-substantive amendments, but two of the changes are substantive and are as follows:

- The reference to services being provided “in and to the house” is amended to “to a cardroom business licensee.” The definition of “house” is overly broad and includes the landlord. Proposition player services are not provided in or to the landlord; and,

the use of house is incorrect. Services are provided in a gambling establishment and to the Cardroom Business License. Therefore, the regulation is revised to reference the Cardroom Business License.

- The reference to “written, oral, or implied agreement” is amended to just include written agreements. Current and proposed regulations require that any and all agreements between the Cardroom Business License and the TPPPS be included as part of the primary contract for proposition player services and does not allow for either oral or implied agreements. Therefore, including these terms in the definition can only cause confusion by implying that they are in some manner allowed.

Subsection (am) is added to provide the definition for “TPPPS business license.” This definition moves and retitles the definition of “primary owner” from Sections 12200(b) and (17). As part of this proposed action, the use of the term is being added to other chapters so that all uses of the term utilize the same definition. The existing definition has been revised to include all entities that either provide or propose to provide proposition player services.

Subsection (an) is added to provide the definition for “TPPPS contract.” This definition moves and retitles the definition for “proposition player contract” from Section 12200(b)(18). As part of this proposed action, the use of the term is being added to other chapters so that all uses of the term utilize the same definition. Additionally, this definition is updated to be consistent with other changes to definitions. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (ao) is added to include a definition for “TPPPS employee license.” This definition provides a term to refer to TPPPS supervisor licenses, TPPPS player licenses, and TPPPS other employee licenses. The use of this term is necessary to simplify and clarify provisions that refer to these license types without requiring a list to be provided every time.

Subsection (ap) is added to include a definition for “TPPPS endorsee license.” This definition provides a new term to refer to those individuals who would be endorsed on a TPPPS license. Currently, those individuals are only referenced as part of the “owner” definition in Section 12200(b)(16) and could not be separately identified from the primary owner. This new term is necessary to allow for those individuals to be separately identified in regulation. Specifically, this definition moves subparagraphs (B) and (C) from Section 12200(b)(16). Currently, subparagraph (B) of Section 12200(b)(16) identifies any person specified in Business and Professions Code section 19852, subdivisions (a) through (i). This reference is revised to subdivisions (a) through (g); however subdivisions (h) and (i) are now separately identified in paragraphs (2) and (3). Overall, the changes to the definition are non-substantive, clarifying changes that maintain current license requirements. Finally, the definition is updated to be consistent with other changes to definitions. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (aq) is added to provide the definition of “TPPPS funding source.” As part of this proposal, Chapter 2.1 [paragraph (10) of subsection (b) of Section 12200] is proposed to be

repealed. This includes the definition for the term “funding source” as it relates to TPPPS and this term is required to provide clarity to its usage within the regulations. Therefore, it has been moved to the general definitions. The term has been revised to include TPPPS to provide clarity that it does not refer to a Cardroom Business License or other business type. Additionally, the wording has been revised to include those who are successors in interest. This change provides clarity that individuals must be licensed if they are funding sources, whether they directly provide the financing or become the holders at a later time. This is necessary to ensure that all funding sources are properly licensed. The definition includes other new non-substantive amendments.

Subsection (ar) is added to include a definition for “TPPPS license.” This definition provides a term to refer to both a TPPPS owner license and TPPPS employee licenses. The use of this term is necessary to simplify and clarify provisions that refer to these license types without requiring a list to be provided every time.

Subsection (as) is added to include a definition for “TPPPS other employee license.” This definition moves and retitles the definition of “other employee” from Section 12200(b)(15). As part of this proposed action, the use of the term is being added to other chapters so that all uses of the term utilize the same definition. Additionally, this definition is updated to be consistent with other changes to definitions. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (at) is added to include a definition for “TPPPS owner license.” This definition provides a term to refer to both a TPPPS business license and TPPPS endorsee licenses. The use of this term is necessary to simplify and clarify provisions that refer to these license types without requiring a list to be provided every time.

Subsection (au) is added to include a definition for “TPPPS player license.” This definition moves and retitles the definition of “proposition player” from Section 12200(b)(18). As part of this proposed action, the use of the term is being added to other chapters so that all uses of the term utilize the same definition. Additionally, this definition is updated to be consistent with other changes to definitions. This change is non-substantive, with the necessity for the new definition discussed in that section.

Section (av) is added to include a definition for “TPPPS supervisor license.” This definition moves and retitles the definition of “supervisor” from Section 12200(b)(24). As part of this proposed action, the use of the term is being added to other chapters so that all uses of the term utilize the same definition. Additionally, this definition is updated to be consistent with other changes to definitions. This change is non-substantive, with the necessity for the new definition discussed in that section.

The definition is being revised to clarify that individuals fall under this category if they have the classification of supervisor, empowered to make discretionary decisions, supervisory responsibilities, *or* have the authority to approve the distribution of chips. This change removes chip runners, or those simply transporting the chips from a podium to a table, from

the category of TPPPS supervisor license and instead focuses the term and duties on those involved in making decisions on the behalf of the TPPPS business licensee.

Subsection (aw), formerly subsections (a) and (b) of Section 12100, provides the definition of “work permit.” Currently, this definition includes both the terms “Commission work permit” and “work permit” to mean the same thing. The proposed changes to this definition would separate the term “Commission work permit” from the term “work permit” and add a new sub-definition titled “local work permit.” These additional subdivisions provide greater clarity and specificity.

- The primary definition of “work permit” is defined to mean the same as subdivision (ak) of B&P Code section 19805.
- Within the definition of work permit, “local work permit” is defined to mean any work permit that is issued by a city, county, or city and county.
- Within the definition of work permit, “Commission work permit” is defined to be a work permit that is issued by the Commission.

Amend Section 12003. General Requirements.

This section provides general requirements related to the storage of records. To be consistent with other changes in this proposed action, the reference to gambling businesses in subsection (b) is removed. Additionally, this section is updated to be consistent with definitions in Section 12002. This update is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12004. Notification of Contact Information Change.

This section provides instructions to licensees and holders of work permits on how to notify the Bureau of any changes to their contact information. This section and attached form are updated to be consistent with definitions in Section 12002. This update is non-substantive, with the necessity for the new definition discussed in that section.

Adopt Section 12005. Prohibited Player-Dealer Participation.

Section 12005, as proposed, would prohibit the participation, either as an owner or an employee, in any group or entity that provides proposition player services in an organized fashion without being licensed as a TPPPS Business License and provide any services through a contract. Currently Chapter 2.2 provides for the licensure of gambling businesses, but with the repeal of those provisions a vacuum is left where it is unclear if participating in a gambling business style activity is acceptable. This provision provides clarity that with the dissolution of the regulatory structure related to gambling businesses means that functioning as such is disallowed.

Subsection (a) provides the types of actions that are disallowed without a TPPPS contract:

- The hiring or engaging the services of an employee or independent contractor to provide series that include the play as a participant in any California game.
- The financing of any individual or business for the purposes of participating in any California game.
- The participation in a California game as an employee or independent contractor.

This subsection is necessary to provide a clear breakdown of the actions that are prohibited. This list covers all individuals and entities that would have previously required licensure under Chapter 2.2.

Subsection (b) provides notice that violation of this section may be a cause for revocation or discipline of an existing license or could be considered a factor in determining suitability for any future application. This is necessary to provide clarification to the consequences of violating this section.

Amend Section 12006. Service of Notices, Orders, and Communications.

This section provides standards for notices that are required by Commission regulation. This provision is modified to clarify that they apply to notices sent to holders of a work permit. Currently, this provision applies to applicants and licensees, but holders of work permits were not mentioned. This amendment is necessary to ensure that the standards of notices are consistent across all approval types.

Repeal Section 12008. Registration and License Application Fees.

Section 12008 provides for all of the application fees associated with each license type broken down by regular, temporary, and renewal.

The fees provided for in subsections (a) through (d) for Cardroom Business Licenses, key employees, work permittees and TPPPS licensees are incorporated into the relevant application forms (Application for Gambling Business License and Application for Employee License). This change provides for better clarity to the applicant who is no longer instructed to refer to a regulation section but is instead provided the application fee amount when filling out the form. This is a non-substantive change as the amount and purpose of the fees have remained the same.

Subsection (e) provides for the fees associated with gambling businesses. Consistent with the repeal of this license category, the associated fees are no longer necessary and are repealed.

Subsection (f) provides for fees associated with gambling equipment manufacturer or distributor registration. In current regulations, Section 12008 provides a single location for fees associated with six different license types in five different chapters of regulation. With the consolidation of four of those license types into one chapter and the repeal of a fifth, the necessity of a general depository of fees is significantly decreased. Therefore, the fees for

this program have been moved to new subsection (c) of Section 12309 where they remained unchanged.

Amend Section 12014. Subpoenas.

This section provides instructions and processes for parties to issue subpoenas under the Commission's statutory authority. This section is revised to provide a name to the attached form and reformat the form to better match other forms. These changes are non-substantive.

Amend Section 12015. Withdrawal of Applications.

This section provides direction and guidelines for the withdrawal of an application. Currently, four provisions [subsection (f) of Section 12120, paragraph (4) of subsection (b) of Section 12128, paragraph (3) of subsection (b) of Section 12203.5 and paragraph (2) of subsection (e) of Section 12349] require that when withdrawal is requested on a license application, any associated temporary or interim license is automatically cancelled as well. Existing standards do not apply to licenses related to the operation of a gambling establishment or TPPPS Business License. New subsection (g) provides that a temporary or interim license is not automatically cancelled but is instead cancelled if the Commission grants the withdrawal request. Should the automatic cancellation be consistently applied to the proposed provisions, a withdrawal application would necessitate the closure of the business. Therefore, to prevent this and keep all withdrawal provisions consistent, withdrawals will now be effective upon approval by the Commission of the withdrawal request.

Amend Section 12017. Abandonment of Applications.

This section provides direction and guidelines for the abandonment of an application. Currently, the procedure for someone who holds a temporary or interim license when an application is abandoned is similar to when an interim application is withdrawn. New subsection (f) provides that when abandonment is determined, any associated temporary or interim license is automatically cancelled as well. If abandonment is effected by the Bureau, notification will be provided to the Commission at the conclusion of the notice period. This provision provides specificity, clarity, and consistency to the procedure.

Amend Section 12035. Issuance of Interim Renewal Licenses.

This section provides standards and conditions for issuing an interim renewal license. Paragraph (4) of subsection (b) replaces regular license with initial or renewal license. This update is to be consistent with definitions in Section 12002. This update is non-substantive, with the necessity for the new definition discussed in that section.

Adopt Section 12040. Mandatory and Discretionary Grounds for Denial.

This section provides minimum criteria for the denial of a license. Currently, three sections (12105, 12346, and 12355) provide these standards for work permits, gambling licensees and key employee licenses. In addition, TPPPS licenses are subject to Sections 12204 and 12218.11 for ineligibility for registration and licensure. These five sections are combined to provide a single section. Additionally, this section is updated to be consistent with

definitions in Section 12002. This update is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (a) provides the standards for all initial or renewal licenses:

- Paragraph (1) would provide basic standards for mandatory denial:
  - Subparagraph (A) provides that an application must be denied if the Commission is not satisfied that the applicant has met the requirements of B&P Code section 19857. This provision is necessary to consolidate the related requirements from the Act into one place.
  - Subparagraph (B) provides that an application must be denied if the Commission finds that any of the provisions of B&P Code section 19859 apply to the applicant. This provision is necessary to consolidate the related requirements from the Act into one place.
- Paragraph (2) would provide that an application may be denied if the Commission finds the applicant has violated any law or ordinance with respect to campaign finance disclosure or contribution limits pursuant to B&P Code section 19982. This provision is necessary to consolidate requirements from the Act into one place.

Subsection (b) would provide additional standards that apply only to gambling licenses.

- Paragraph (1) would require that a gambling license be denied if the Commission finds that B&P Code section 19858 applies. This provision is necessary to consolidate the related requirements from the Act into one consistent place.
- Paragraph (2) would require that a gambling license be denied if the Commission finds that applicable local gambling ordinances do not conform to B&P Code section 19860. This provision is a non-substantive change as the requirements already exist in paragraph (2) of subsection (a) of Section 12346.
- Paragraph (3) would provide that an application for a gambling license may be denied if the Commission finds that a provision of B&P Code section 19862, subdivision (a), applies. This provision is a non-substantive change as the requirements already exist in paragraph (1) of subsection (b) of Section 12346.

Subsection (c) would provide that an application for a TPPPS license may be denied if the Commission finds that the applicant has violated or failed to comply with a number of prohibitions or requirements. This provision would be a non-substantive change as the requirements already exist in subsections (g) and (h) of Section 12204; and, subsections (h) and (i) of Section 12218.11.

Amend Section 12052. Commission Meetings; General Procedures; Scope; Rescheduling of Meeting.

This section provides information on how the Commission issues notices for the consideration of applications. This section is revised to reformat the form to better match other forms. These changes are non-substantive.

Amend Section 12054. Consideration at a regular Commission Meeting.

This section provides a list of possible actions the Commission may take when considering an application at a non-evidentiary hearing meeting. This section is revised to replace the word shall, as discussed above.

Amend Section 12056. Evidentiary Hearings.

This provides direction and guidelines for the election of either an APA or GCA hearing. B&P Code section 19914, subdivisions (a) and (b), provides that the Commission may revoke a work permit that was issued by a local authority. Subsection (d) is added to this section to provide clarify that APA or GCA hearing practices and standards are sufficient to meet the statutory hearing requirement listed in a B&P Code section 19914.

Adopt Section 12080. Requirements.

Section 12080 provides regulations for the appointment and registration of designated agents who appear before the Commission on behalf of an applicant or licensee.

Subsection (a) provides that an applicant or licensee may designate an individual to serve as their designated agent. This provision provides a form for this process. The specifics of the form are discussed as part of Section 12112. This provision is necessary to provide clarity that a designated agent can be appointed and how notification is provided to the Commission and Bureau.

Subsection (b) provides that a designated agent must be authorized prior to representing another person before the Commission. This provision is necessary as it provides the Commission with a basic understanding of who is representing the applicant or licensee. A designated agent will often make factual claims related to an applicant or licensee's suitability. If the applicant or licensee were to directly provide false claims to the Commission, such an act could be held against them when considering their suitability; and, likewise the actions of a representative could impact an applicant's suitability. Therefore, a basic understanding of the designated agent is required so that any statements made before the Commission can be properly applied.

Subsection (c) provides the information a primary designated agent must provide. This provides the specifics on how the designated agent provides the information to the Bureau.

1. Paragraph (1) provides that a designated agent can show they hold a license in good standing from the California State Bar. The California State Bar provides standards and ethics requirements related to the representation of a client and these standards

are sufficient for the Commission to have an expectation of suitability for the purposes of representing an applicant or licensee.

2. Paragraph (2) provides that a designated agent can show they hold a license in good standing from the California Board of Accountancy. The California Board of Accountancy provides standards and ethics requirements related to the representative of a client and these standards are sufficient for the Commission to have an expectation of suitability for the purposes of representing an applicant or licensee.

Subsection (d) provides that if a primary designated agent does not provide any of the information provided for in subsection (c), they can still be appointed, but that the Commission may elect to require licensure if the Commission determines that the designated agent has the power to exercise a significant influence on the entity or individual who appointed them. This provision is necessary to allow flexibility for an application or licensee to appoint someone who is not licensed by the Commission, California State Bar, or California Board of Accountancy but still maintain the Commission's flexibility as part of Business and Professions Code section 19853.

Subsection (e) provides that if the designated agent provides a license number from either the California State Bar or the California Board of Accountancy then they must update the Bureau should their standing change or if there is any disciplinary action. This is necessary to ensure that the Bureau is updated on information related to the appointment. If a designated agent no longer meets the qualifications by which they were appointed, they could be disapproved pursuant to Title 11, CCR, Section 2030 or could be required to be reappointed pursuant to subsection (d).

Adopt Section 12082. Standards of Representation.

Section 12082 provides the minimum standards and responsibilities of a designated agent while they remain appointed. This is necessary to help define the scope of a designated agent's function before the Commission.

Subsection (a) provides that a designated agent is expected to act in accordance with the scope of authority provided to them when they are appointed to the Bureau until such time that they are reported to the Bureau as no longer being the designated agent. This is necessary because once appointed; the Bureau and Commission will assume they are the proper contact for the identified items. Failure by the designated agent to perform the appropriate tasks could result in deadlines or communications being missed which could jeopardize an applicant's suitability. Therefore, it is important that a designated agent perform their assigned responsibilities or report to the Bureau that they are no longer the appropriate contact or representative.

Subsection (b) provides that failing to act in accordance with the scope of authority provided to them by the applicant could result in their being disqualified from acting as a designated agent. The Bureau already has the authority to disapprove a designated agent. This

provision is necessary as it provides guidance to the applicant and designated agent that this authority could be exercised in this situation.

**Option 1**

Subsection (c) provides that the designated agent shall not be given the responsibility of paying any sum to the Bureau on behalf of an applicant or licensee. This is necessary so that the Bureau can have a complete understanding of the source of funds of the applicant or licensee. If the designated agent pays the sum directly to the Bureau, then the true source of the money remains unknown. Additionally, the Act requires that anyone with significant influence over a Cardroom Business License or TPPPS Business License requires licensure; and, the payment of annual fees or other sums to the Bureau could indicate some level of participation and without licensure as an owner, direct payment could require the Bureau to conduct an investigation of the designated agent.

**Option 2**

Subsection (c) provides that the designated agent may provide payment to the Bureau on behalf of a gambling business applicant or licensee only if the applicant or licensee provides reimbursement to the designated agent. This would include providing documentation showing such reimbursement was made. This allows the Bureau to directly verify that the funds came from the applicant or licensee and that no other party was participating in the payment. This is necessary as the payment of the fees from another entity or individual could result in that individual needing licensure as a lender or holder of indebtedness pursuant to Business and Professions Code section 19852, subdivision (i) or TPPPS funding source pursuant to Section 12002(ah).

A maximum time period of 60 days is required for the payment. If any item about the client is to be presented to the Commission prior to the 60 day period then payment must be provided earlier. This time period allows for billing by the designated agent at the conclusion of a monthly billing cycle and still leaves at least a month for the applicant or licensee to provide reimbursement to the Designated Agent and forward a copy of receipt to the Bureau but also ensures compliance prior to the Commission making any determination about the individual prior to the payment being rendered.

**Adopt Section 12084. Designated Agent Disqualification.**

Section 12084 provides that the Commission retains the right to refrain from interacting with an applicant through a designated agent at any time, including when a designated agent fails to act as delegated or when it would be less efficient than interacting directly with an applicant. This provision is necessary in order for the Commission to effectively communicate with an applicant. Situations arise where a timeline does not allow for communication through an intermediary. Ultimately, it is the applicant who has submitted an application to the Commission and the applicant who is responsible to the Bureau and Commission to resolve any issues that may arise.

The proposed changes in Chapter 2 are as follows:

Amend Section 12100. Definitions.

This section provides definitions for use by this Chapter. The definitions of this chapter have been moved to the general definitions of Section 12002.

Current subsections (a) and (b) are repealed. A new definition is added to Section 12002(aw) in order to provide a consistent definition of work permit for all chapters. The move itself is a non-substantive, editorial change that corrects other chapters' use of the term work permit without the definition of work permit technically being accessible. The changes to the definitions are discussed in subsection (aw) of Section 12002. Additionally, the references to a work permit being temporary is covered by the new definition (ak), which now provides the definition for all temporary licenses.

Subsection (a) provides that this chapter uses the definitions of subsection (b) but also the definitions of Section 12002 and B&P Code section 19805. This section has been modified, but the changes are non-substantive, editorial changes.

Repeal Section 12101. Forms.

This section provides for the incorporation of forms. With the proposed changes, this section becomes unnecessary. The incorporation of each form has been placed in the section where the form is mentioned; and, this section is repealed.

Adopt Section 12102. General Provisions.

This section provides general provisions related to each license. Where these provisions have been moved from exiting provisions, terms have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (a) provides that a license or Commission work permit shall be valid for two years. This is a non-substantive, editorial change as existing provisions are moved to the new consolidated chapter. For example, this provision currently exists as subsection (b) of Section 12340 for gambling licenses, subsection (b) of Section 12350 for key employee licenses, Section 12104 for work permits and Section 12218.13 for TPPPS licenses.

Subsection (b) provides that no applicant can receive both a TPPPS business license and cardroom business license. This provision maintains the limitation in subsection (d) of Section 12201 and while stated differently, has the same effect. This is necessary to maintain the requirement in the act that the house has no interest in the funds, wagered, lost, or won.

Subsection (c) provides that a gambling licensee may perform the functions of a key employee or work permittee and a key employee may perform the functions of a work permittee. This provision provides clarity to the function of each license as approved by the Commission; specifically, that a person found suitable to perform at a specific level is also suitable to function at a lower level. An owner is limited to performing functions at the

gambling establishment they own. Additionally, similar provisions already exist for TPPPS licenses.

Subsection (d) provides that a TPPPS owner may also perform the functions of a TPPPS supervisor or TPPPS player and a TPPPS supervisor may perform the functions of a TPPPS player. This is a non-substantive change as these provisions already exist as subparagraph (C) of paragraph (12) of subsection (b) of Section 12200. In moving this provision, there are also non-substantive, editorial amendments to make the provision consistent with all revised terms.

Subsection (e) provides that no license or work permit may be transferred to another person or entity. This provision is consistent with Business and Professions Code section 19873 and is necessary to provide clarity that the restriction applies to work permits, temporary licenses, and interim licenses.

Subsection (f) provides that an individual authorized with an employee license may change their place of employment. This change in employment requires the notification process of Section 12110 to be utilized. This provision is necessary to provide clarity that employee licensees need no longer reapply for a new license should they change their place of employment.

#### **Option A**

Subsection (g) provides that an individual working for a Cardroom Business License or TPPPS Business License who is not directly employed by a Cardroom Business License or TPPPS Business License must still be required to apply for and receive an employee license if they are performing the duties of a person who would be required to be licensed should they be directly employed by a Cardroom Business License or TPPPS Business License. This is necessary to ensure that every person, whether for hire or not, who deals, operates, carries on, conducts, maintains, or exposes for play or provides proposition player services to any controlled game applies for and obtains a valid key employee license, work permit, or TPPPS supervisor, player, or other employee license.

For example, an individual acting as a dealer is required to hold a work permit if employed by a Cardroom Business License. If the same Cardroom Business License were to hire a different company to provide individuals to act as dealers, this separation of services should not also waive the Commission's responsibilities to ensure that only suitable individuals participate in the offering of a controlled game.

#### **Option B**

Subsection (g) provides that an individual working for a Cardroom Business License or TPPPS Business License who is not directly employed by a Cardroom Business License or TPPPS Business License must still be required to apply for and receive an employee license if they are performing the duties of a person who would be required to be licensed should they be directly employed by a Cardroom Business License or TPPPS Business License. This is necessary to ensure that every person, whether for hire or not, who deals, operates,

carries on, conducts, maintains, or exposes for play or provides proposition player services to any controlled game applies for and obtains a valid key employee license, work permit, or TPPPS supervisor, player, or other employee license.

For example, an individual acting as a dealer is required to hold a work permit if employed by a Cardroom Business License. If the same Cardroom Business License were to hire a different company to provide individuals to act as dealers, this separation of services should not also waive the Commission's responsibilities to ensure that only suitable individuals participate in the offering of a controlled game.

Additionally, any person authorized to provide direction to any licensed or work permitted person would be required to be licensed regardless if that individual actually enters a gambling establishment. Offsite persons, by directing or controlling individuals on site are still participating in the offering of a controlled game and may still have the ability to subvert onsite protections. For example, an offsite supervisor may still have the authority to control staffing levels, locations, and duties and could use that authority to subvert or weaken security in specific locations or times in conjunction with someone on location. By ensuring these offsite individuals are vetted and licensed, the security of the game would be enhanced.

Ultimately, this licensing structure is necessary to ensure that persons who hold a license or work permit are not placed under the control of an individual who the Commission has not determined to be suitable. In these situations a conflict could develop for a licensed person, between acting properly and accepting possibly compromising instructions from a person to whom they report. By ensuring these people in control are also suitable, the chances that such instructions would be improper are reduced.

### **Option C**

Subsection (g) provides that an individual working for a cardroom business licensee or TPPPS business licensee who is not directly employed by a either must still be required to apply for and receive an employee license if they are performing the duties of a person who would be required to be licensed should they be directly employed by a cardroom business licensee or TPPPS business licensee. This is necessary to ensure that every person, whether for hire or not, who deals, operates, carries on, conducts, maintains, or exposes for play or provides proposition player services to any controlled game applies for and obtains a valid key employee license, work permit, or TPPPS supervisor, player, or other employee license.

For example, an individual acting as a dealer is required to hold a work permit if employed by a cardroom business licensee. If the same cardroom business licensee were to hire a different company to provide individuals to act as dealers, this separation of services should not also waive the Commission's responsibilities to ensure that only suitable individuals participate in the offering of a controlled game.

Additionally, any person authorized to provide direction to any licensed or work permitted person would be required to be licensed regardless if that individual actually enters a gambling establishment as part of their job duties. This is necessary because offsite persons,

by directing or controlling individuals on site may still have the ability to subvert onsite protections and are still participating in the offering of a controlled game. For example, an offsite supervisor may still have the authority to control staffing levels, locations, and duties and could use that authority to subvert or weaken security in specific locations or times in conjunction with someone on location. By ensuring these offsite individuals are vetted and licensed, the security of the game would be enhanced.

Finally, any person within the contracted company who is a director, officer, general partner, managing member, or other person with authority to direct the actions of licensed or work permitted person, must receive an appropriate license [key employee or TPPPS supervisor license]. This is necessary to ensure that every person directing onsite staff is suitable.

Ultimately, this licensing structure is necessary to ensure that persons who hold a license or work permit are not placed under the control of an individual who has not been determined to be suitable. In these situations a conflict could develop for a licensed person, between acting properly and accepting possibly compromising instructions from a person to whom they report. By ensuring these people in control are also suitable, the chances that such instructions would be improper are reduced.

Amend Section 12200.1. Certificate.

Section 12200.1 is renumbered to Section 12104 and renamed to TPPPS Certificate. This provision is further modified, with non-substantive editorial changes or to make terms match those revised in Section 12002. These changes are without regulatory effect.

Amend Section 12353. License Content; License Display and Presentation.

Section 12353 is renumbered to Section 12106 and renamed Badges. This is necessary to provide clarity that this function is still required under the proposed restructuring. Currently, in addition to Section 12353 [key employee license], Section 12200.3 provides the badge requirements for TPPPS licensees. The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

While there are currently no standards for work permits contents, the incorporation of work permits into this section provides a consistent standard.

Currently, gambling license holders are not provided badges, nor are they required to wear them when working on the gambling floor. This proposal would require that a gambling licensee be issued and wear a badge while on duty in the gambling establishment. This is necessary as they are authorized to act in the roles of a key employee, supervisor, or work permittee and those roles require the badge to be worn while on the gambling floor.

Subsection (a) requires that the front of the badge include all of the following:

1. A photograph of the individual
2. The first name of the individual
3. The license or work permit number

4. The expiration date of the license or work permit
5. The type of license or work permit

This subsection provides direction to staff when the badge is prepared and issued after the Commission has authorized it by approving an application. Currently, the first four standards are already required for both key employee licenses and TPPPS licenses. The fifth requirement is required of TPPPS licenses, but is placed on the back of the badge; and, it is not required on key employee badges. Expanding the requirement to all badges, and moving it to the front allows the Bureau or a patron to easily identify each person working in the Cardroom Business License. This is important as in conjunction with a TPPPS contract, there may be more than one person at a table working, and the ability to identify them is important. For example, a specific game will have a dealer [work permittee], a supervisor for that dealer [key employee], a TPPPS player participating in the play of the game, and that TPPPS player may have a supervisor [TPPPS supervisor] responsible to oversee them. Without identification on the front of the badge, that manybadged individuals at the same table could make determining roles confusing.

Subsection (b) requires that the back of the license contain the full name of the holder. This is currently required in both Sections 12200.3 and 12353. This is necessary so that upon full inspection of a badge, it can be verified that only the correct person is wearing it.

Subsection (c) requires that the holder of a license or work permit must wear their badge in a visible and conspicuous manner. This is currently required in both Sections 12200.3 and 12353. The purpose of the badge is to provide identification and verification of licensure when participating in a controlled activity. Not visibly wearing the badge would defeat the purpose of requiring this verification.

Subsection (d) expands upon the requirement in subsection (c) that badges must be worn at all times while on duty and further separates out these requirements by classification.

1. Cardroom Business License employees are required to wear their badges while on duty. This provides the public a visible understanding of who is participating in the offering of the game.
2. Gambling licensees are required to wear their badged when performing the actions of a work permittee or key employee. If not performing such duties, the badge must just be maintained on their person. This provides the public a visible understanding of who is participating in the offering of a game, but also allows the owner to maintain some separation when not actively working while still ensuring that the badge is available should it be required.

### **Option Y**

3. TPPPS owners and employees are required to wear their badges whenever present in any gambling establishment. This requirement is provided in Business and Professions Code section 19984, subdivision (b), and is restated here so that all relevant requirements are located in one place to avoid confusion.

**Option Z**

3. TPPPS owners and employees are required to wear their badges whenever present in any gambling establishment which has an approved contract with the TPPPS business licensee who employs them. This requirement is provided in Business and Professions Code section 19984, subdivision (b), and is restated here so that all relevant requirements are located in one place to avoid confusion.

Business and Professions Code Section 19984, subdivision (b), states in part that: “Those employed by a third-party provider of proposition player services, including owners, supervisors, observers, and players, shall wear a badge which clearly identifies them as proposition players whenever they are present with a gambling establishment.”

Option Y provides a requirement consistent with the Commission’s current interpretation of the meaning of the above requirement. It takes the requirement as plainly written.

Option Z provides a requirement that looks at the context of Section 19984, which is to regulate the operation of third-parties within a gambling establishment and their contractual relationship to the business entity providing controlled games. Due to this, Option Z limits the requirements of Section 19984 to just the relationship between the provider of services and the gambling establishment and does not place a burden on those who may enter a gambling establishment for which there is no relationship and no offering of third-party services.

Subsection (e), renumbered from subsection (d), requires that the holder of a license shall provide their badge to their employer, supervisor, or a representative of the Commission or Bureau or anyone else requesting to verify that their license or work permit is valid. It is a requirement in the Act that only individuals properly approved may participate in either the offering of a controlled game or in the provision of proposition player services. This provision allows for the verification of that requirement.

The maintenance of a license or work permit is the responsibility of the holder of that license or work permit, but an employer (either a Cardroom Business License or TPPPS Business License) is still required to ensure that anyone they employ is properly licensed. Without the ability to verify licensure, an employer may find themselves inadvertently in violation of the Act, something that could put their own license in jeopardy. Therefore, it is necessary for an employer, or the supervisor acting on behalf of their employer, to be able to request and review an employee’s badge (the physical representation of their approval).

It is the responsibility of the Bureau to ensure compliance with the Act; therefore, it is necessary for the Bureau to be able to review an individual’s badge. As the issuing agency the Commission should be able to request to review a badge.

Subsection (f) requires that a badge remain unaltered and unobstructed from view. This is necessary to provide clarity to the function and validity of each badge for the same reasons as discussed in subsections (c) and (d).

Subsection (g) requires that if a license has expired or is determined to be invalid it cannot be used to gain employment or perform any controlled duties. Additionally, any expired or invalid badge shall be surrendered to the Commission or Bureau upon request. This requirement currently exists for key employee badges, but is being applied to TPPPS licenses in addition to work permits and gambling licenses. This provision is necessary, because the badge is a physical representation of the Commission's approval and that representation must be as issued by the Commission. This provision is modified to provide a time requirement of 30 days for the surrender. This time period allows sufficient time for a Cardroom Business License or TPPPS Business License to facilitate the return, in order to achieve postage savings. The provision also allows the flexibility of the badge to be requested sooner. This is necessary to allow flexibility in specific situations, for example, when there is a legitimate concern that a badge could be used for fraud. Additionally, the provision is modified to have the surrender only provided to the Bureau. The Bureau has the responsibility of ensuring compliance with the Act and regulations and therefore should be the entity responsible for receiving badges (and thus insuring they are promptly returned).

Adopt Section 12108. Replacement of a Badge.

Section 12108 provides procedures for licensee or a holder of a work permit to request a replacement badge. Currently, program specific provisions already provide for this function. Section 12140 provides for replacement work permit badges, Section 12200.5 provides for the replacement of TPPPS badges and subsection (b) of Section 12352 provides for the replacement for key employee licenses. As badges are currently not provided to owners of a Cardroom Business License [gambling license], there are no provisions for providing replacement badges.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (a) provides that the Bureau shall provide a replacement badge if the requestor holds a current and valid Commission work permit or license and their application form is complete. These provisions are necessary to provide clarity to the Bureau and requestor on how and what items must be submitted.

Additionally, paragraph (2) provides that the requestor must submit a completed Badge Replacement Request, CGCC – 0XX (New XX/19). This form is an amalgamation of forms BGC-026 (Rev. 07/17), BGC-034 (Rev. 04/13), and BGC-438 (Rev. 04/13).

- Section 1 of the form requires the specific details of the requestor, such as their name and contact information. This information is necessary to make sure the details on the badge are correct and to also properly provide the badge.

- Section 2 of the form requires the details of the license, such as the type of license and the purpose of the request. This information allows the Bureau to make sure they are issuing the proper type of license. Additionally, knowing the reason for the replacement allows the Bureau to exercise other functions, such as requesting back the older license (in the case of damage) or investigating a stolen badge.
- Finally, a nonrefundable processing fee of \$25 is required. For all license types, except gambling licenses, this is a non-substantive change. Current provisions provide for replacement badge fees [12008(b)(3), 12140(a)(3)(C) and 12200.5(a)(3)(A)] of \$25 and applying this same fee to the replacement of a replacement gambling license badge is both consistent and represents the costs associated with the material and labor to process the request and produce the badge.

Subsection (b) provides that the Bureau shall notify the requestor within five working days that their request is deficient and identify what specific information is required. This provision currently exists for the replacement of key employee licenses as subparagraph (A) of paragraph (5) of subsection (b) of Section 12352. While an equivalent provision is not applied to work permit or TPPPS badge replacements, it is necessary for the proposed procedure to include a review provision to ensure that the Bureau has both the proper information and adequate time to review the request. Without an allowance for corrections, the Bureau is either forced to return the application as incomplete, or give up a portion of its processing time to allow the requestor to provide correction. The inclusion of this provision provides both the opportunity to ensure the application is complete and correct without applying a burden on either the Bureau or requestor.

Subsection (c) provides that the Bureau shall provide the replacement badge within ten days after receipt of a complete application. This provision is necessary to provide a date certain by which the Bureau must process a request. Current provisions are inconsistent in this requirement. Section 12140 [work permits] does not include any processing timelines, Section 12200.5(d) [TPPPS] provides the Bureau seven calendar days and Section 12352(b)(5)(B) provides 15 work days. Any proposed provision must have a single consistent timeline, and following discussions with the Bureau a period of 10 working days was selected as it provides the Bureau adequate time to process the request while minimizing the period the requestor could potentially be forced to be without a badge (and therefore potentially their ability to conduct business as usual).

Subsection (d) provides that a replacement badge is only valid until the expiration date of the current approval. A badge is not an approval by the Commission, but instead the physical representation of the Commission's finding of suitability. By requesting and receiving a replacement badge, the requestor has not been reapproved by the Commission. This section provides that necessary clarification. This provision currently exists in Section 12140(b), 12200.5(b) and 12352(b)(3).

Subsection (e) provides that upon receipt of a replacement badge, the previous badge becomes void and may not be used. This provision clarifies that a holder of a license or work permit may only possess a single valid badge for each approval at any time. This provision is necessary to provide clarity on this topic. This provision currently exists in Section 12140(c), 12200.5(c) and 12352(b)(4).

Amend Section 12130. Change in Employment – Work Permit Transfer.

Section 12130 is renumbered to Section 12110 and renamed Change in Employment Status. This section initially only applied to work permits; however, it has been combined with Section 12352 [key employee license] and expanded to provide a single consistent process. This section provides the specifics of the process for notifying the Bureau of a change in employment status. The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Currently, only work permits and key employee licenses have any portability. The amendments to this section will expand portability to all employee licenses. The requirements of the Act provide that the Commission must find an individual suitable to participate in a controlled game or the provision of proposition player services. Suitability is found after consideration of the Bureau's background investigation; and, therefore is linked to the individual and not the location of employment. Without portability, an individual who the Commission recently found suitable who then changed employment locations would be required to go through the entire application process again. This represents a huge burden on both the applicant and the Bureau. By providing portability, each approval by the Commission is allowed to remain for the entire two years before renewal is required. By expanding the provision to employees of TPPPS companies, these advantages are applied to additional licensing structures.

Subsection (a) provides a licensee with the situations when they must provide notification to the Bureau.

- Paragraph (1) provides that notification must be provided when a licensee changes employment with a comparable position. The provision is limited for work permit holders because the Commission does not have jurisdiction within all counties to issue work permits. Therefore, the provision only allows employment status to be updated when a Commission work permit holder is moving to another area where the Commission is responsible for issuing a regular permit. This change in employment status would not absolve the licensee from following any additional licensing requirements of the local jurisdiction (for example, a key employee still being required to be approved for a local work permit).
- Paragraph (2) provides that notification must be provided when a licensee is no longer going to be employed in a position that requires licensure. This notification does not invalidate the finding of suitability, but does allow the Bureau to receive updated contact information.

Subsection (b) provides that a complete notification must be provided within 10 days of their change in employment status. A complete notification is defined as the submittal of Notification of Employment Change, CGCC – 0XX (New XX/19). Current regulation requires additional items be included as part of a complete notification. These are all proposed to be repealed. With the change in badge contents proposed it is not necessary that a new license be issued; and, therefore a new picture and fee need not be provided. It is likewise unnecessary that the applicant provide a copy of their current badge as the Bureau already has the information in their records. Finally, the remaining information is included in the form and including it in the regulation is unnecessary.

- Notification of Employment Change, CGCC – 0XX (New XX/19) represents a combination of currently existing forms BGC-022 (Rev. 07/17) [work permit], BGC-033 (Rev. 04/13) [key employee] and BGC-441 (Rev. 04/13) [third-party].

Section 1 requires the personal information of the licensee. This is necessary so that the Bureau is able to correctly identify and contact the applicant.

Section 2 requires the applicant identify the license type being updated. This is necessary because some individuals may have multiple findings of suitability. Additionally, the specifics of the change in status are required. This is necessary so that the Bureau can properly track the license and any associated employer.

Section 3 is the declaration by the applicant that the information provided is correct and complete. This is necessary as the Bureau bases its review on this information. Inaccurate or incomplete information is not only a violation of the requirement to provide the information but also a corruption of the finding of suitability.

Subsection (c) is revised to apply to all licenses now eligible for transfer. This provision is necessary to clarify that the change in employment status is not a finding of suitability by the Commission but a modification to an already issued finding.

Subsection (d) is repealed. This provision provides that once a change is approved, the old approval shall become void. This provision is no longer necessary as a new badge is not being issued; and, therefore there is no old badge to invalidate.

Repeal Section 12104. Term of Work Permit.

Currently Section 12104 provides that a Commission work permit is valid for two years, and that if a temporary work permit had been issued, any issued Commission work permit shall be considered to have been issued when the temporary work permit was issued. The repeal of this section is non-substantive as both aspects of this provision have been included in other sections, specifically, subsections (a) and (b) of Section 12102.

Repeal Section 12105. Mandatory and Discretionary Grounds for Denial of a Work Permit. Section 12015 provides grounds for mandatory and discretionary denials of a Commission work permit. This section is repealed and incorporated into proposed Sections 12040, 12108 and 12118; and, therefore is a non-substantive, editorial revision.

Amend Section 12342. Initial Gambling License Applications; Required Forms; Processing Times.

Section 12342 is renumbered to Section 12112 and renamed Initial License Applications; Required Forms. This section currently only applies to gambling licenses; however, it has been expanded and combined with other existing similar sections to provide a single consistent application process. The sections combined with Section 12342 are Section 12350 [key employee license], Sections 12202 and 12203 [TPPPS registration] and 12218.7 [TPPPS licenses]. This section provides the specifics of the application process including what is considered a complete application.

This section provides that an Application for Employee License, CGCC – 0XX (New XX/19) or Application for Gambling Business License, CGCC – 0XX (New XX/19), along with any relevant supplemental or additional forms must be provided. This provision is necessary to inform the applicant what information they are required to provide. Many of the older forms have been combined and restructured to reflect the new single licensing process. Additionally, required forms that are maintained by other agencies have been updated to reflect more recent form versions. This updating of other agencies forms is non-substantive, as the older versions of the forms were not being provided.

Subsection (a) provides the actual application forms:

- Application for Employee License, CGCC – 0XX (New XX/19) requires that information be submitted related to each individual that is applying for a key employee license, Commission work permit, TPPPS supervisor license, TPPPS player license or TPPPS other employee license. This form represents a combination of BGC-APP-001 (Rev. 11/07) [various], BGC-021 (Rev. 07/17) [work permit] , BGC-023 (Rev. 07/17) [work permit], BGC-031 (Rev. 04/13) [key employee], BGC-035 (Rev. 07/17) [interim key employee], BGC-434 (Rev. 04/13) [TPPPS supervisor, TPPPS player and TPPPS other employee] and BGC-435 (Rev. 04/13) [TPPPS supervisor, TPPPS player and TPPPS other employee].

Section 1 requires information to identify the applicant. This information is necessary for the Bureau to know who is applying for a license. This information is already required on existing forms.

Section 2 requires information related to the specifics of the application, including what type of license is being requested, if a temporary license is also requested or, if the application is for a renewal. This information is necessary so the Bureau knows if the application is complete and how to proceed with processing it. Additionally, this section requires information about the job being held by the applicant. This is

necessary so the Bureau can confirm that the correct license type is being requested. This information is already required on existing forms.

This section also provides information related to the application fees due with the application. The inclusion of these fees is non-substantive. Currently, the fees are provided for in Section 12008. The fees have been moved to the forms without change. Moving the fees to the forms provides clarity to the applicant by not requiring them to reference the regulations to determine their fees. This should improve the process as it will be less likely that an applicant will submit an application without including the appropriate fees.

Section 3 requires information that was requested on the supplemental. An initial application requires a full supplemental form be provided with the application, but an application for renewal does not. The requested information, for renewals only, is necessary so the Bureau can update their past review for the two years since the license was issued without requiring duplicate information that would be included if a supplemental form was required with renewal applications.

Section 4 provides for the additional documentation required as part of the application process. This section provides that for both initial and renewal applications a completed Request for Live Scan must be provided. The requirement that a Request for Live Scan be included with renewal applications is new and is discussed in more detail in Section 12345, renumbered to 12114, paragraph (c). The other item in this section is the requirement that initial applications provide the required supplemental background information. This is a current requirement and its inclusion in this section is a non-substantive, editorial change.

Section 5 is the declaration by the applicant that the information provided is correct and complete. This is necessary as the Bureau bases its review on this information, and the Commission makes its determination after reviewing the Bureau's report. Inaccurate or incomplete information is not only a violation of the requirement to provide the information, but also affected the finding of suitability.

- Application for Gambling Business License, CGCC – 0XX (New XX/19) requires that information be submitted related to each individual or business that is applying for a gambling license or TPPPS owner license. This form represents a combination of BGC-APP-001 (Rev. 11/07) [various], BGC-030 (Rev. 4/13) [gambling license], BGC-433 (Rev. 04/13) [TPPPS owner] and BGC-435 (Rev. 04/13) [TPPPS owner].

Section 1 requires information related to the specifics of the application, including what type of license is being requested, if a temporary license is also requested or if the application is for a renewal. This information is necessary so the Bureau knows if the application is complete and how to proceed with processing it. Additionally, this section requires information about the job being held by the applicant. This is

necessary so the Bureau can confirm that the correct license type is being requested. This information is already required on existing forms.

This section also provides information related to the application fees due with the application. The inclusion of these fees is non-substantive. Currently, the fees are provided for in Section 12008. The fees have been moved to the forms without change. Moving the fees to the forms provides clarity to the applicant by not requiring them to reference the regulations to determine their fees. This should improve the process as it will be less likely that an applicant will submit an application without including the appropriate fees.

A new option provided is for the applicant to request a badge, along with an additional badge fee of \$25. Current regulations require a TPPPS owner to receive and wear a badge, so this requirement and cost is a non-substantive change. However, current regulations do not require a cardroom business licensee to wear a badge, so for this licensing classification this is a new requirement and also a new cost. Revisions to subsection (a) of Section 12106 provide that a gambling business owner who operates on the floor of a gambling establishment must have a badge issued to them. This provision allows for the applicant or licensee to notify the Bureau that a badge is required because this new qualification applies to them. The fee of \$25 is consistent with all other badge fees and represents the additional cost in both staff time and materials to process and produce the necessary badge.

Section 2 requires updating information that is requested on the supplemental. An initial application requires a full supplemental form be provided with the application, but an application for renewal does not. The requested information, for renewals only, is necessary so the Bureau can update their past review for the two years the license has been held without requiring duplicative information that would be included if a supplemental form was required with renewal applications. This information is already required on existing forms.

Section 3 requires information specific to the Cardroom Business License; including hours of operation of controlled games, the number of tables operating and the games that will be operated. Additionally, all endorsed owners are required to be provided. This information is necessary to meet the requirements of B&P Code section 19864, subdivision (b), by providing (3) the gambling games proposed to be conducted, (4) the names of all persons directly or indirectly interested in the business and the nature of the interest, and (5) a description of the proposed gambling establishment and operation.

Section 4 provides for the additional documentation required as part of the application process. This section provides that for both initial and renewal applications a completed Request for Live Scan must be provided. The requirement that a Request for Live Scan be included with renewal applications is new and is discussed in more detail in Section 12345, renumbered to 12114, paragraph (c). The other item in this

section is the requirement that initial applications provide the required supplemental background information. This is a current requirement and its inclusion in this section is a non-substantive, editorial change.

Section 5 is the declaration by the applicant that the information provided is correct and complete. This is necessary as the Bureau bases its review on this information, and the Commission makes its determination after reviewing the Bureau's report. Inaccurate or incomplete information is not only a violation of the requirement to provide the information, but also affected the finding of suitability.

Subsection (b) provides that for the supplemental forms:

- Business Entity: Supplemental Information, CGCC – 0XX (New XX/19) requires that information be submitted related to business entities that are also owners of a Cardroom Business License or TPPPS Business License. This form represents a combination of BGC-APP-015B (Rev. 07/17) [gambling license], BGC-APP-015C (Rev. 07/17) [Cardroom Business License] and BGC-APP-034B (Rev. 07/17) [TPPPS license].

Section 1 requires information related to the entity structure. This is necessary as each owner, whether another business entity or natural person will require licensure and understanding the structure of the business provides the information necessary for the Bureau to identify and confirm the submittal of an application for every required person. This information is already required on existing forms.

Section 2 requires basic information about the business such as mailing address and other contact information. This information is necessary so that the Bureau can contact the applicant. This section also requires information be provided about any parent, subsidiary or affiliated companies, employees, or any fictitious names this business may operate under. This information both helps ensure proper contact, but also provides information necessary to ensure all proper entities are being licensed. This information is already required on existing forms.

Section 3 requires information about the entities other gaming related experience. This includes any license, permits, or other findings of suitability along with any disciplinary issues. This information assists the Bureau in ensuring that the business is eligible to participate in the ownership of a gambling business as the Act provides limitations. Additionally, this section requires information about other licenses or approvals held by the business. This information is necessary to ensure that the company has acted appropriately and to allow the Bureau to investigate the business' suitability. Finally, this section asks if the business entity is incorporated or licensed in any other state or country. This information is necessary to allow the Bureau to follow the actions of the company wherever it has operated in order to ensure that the company has acted properly in all cases. This information is already required on existing forms.

Section 4 requires information about the entities litigation and arbitration history and any violations of the U.S. Foreign Corrupt Practices Act. This information is necessary to allow the Bureau to follow the actions of the company wherever it has operated in order to ensure that the company has acted properly in all cases. This information is already required on existing forms.

Section 5 requires information about any payments exceeding \$100,000 in a calendar year be identified. This allows the Bureau to identify individuals related to the business that may require additional investigation to ensure that all proper individuals are being licensed and that no improper activities are associated with this business. This information is already required on currently existing forms; though on the Cardroom Business License form [BGC-APP-015B (Rev. 07/17)], the current threshold is \$50,000. The TPPPS form [BGC-APP-034B (Rev. 07/17)] currently includes a threshold of \$100,000. The new proposed form provides for \$100,000 in all cases and makes the value consistent. The \$100,000 value was selected over the \$50,000 value because the intent is to identify larger payments and while \$50,000 might have been relevant for that purpose when form BGC-APP-015B (Rev. 07/17) was originally contemplated, in 2015 the value is dated (it only represents a full time employee making \$24.00 an hour).

Section 6 requires information related to the financial history of the company be provided. This information is necessary to allow the Bureau the ability to understand if the business is financially viable. Cardroom Business Licenses and TPPPS companies need to be financially stable to ensure the public trust and that they are free of criminal and corruptive elements. This information allows for the Bureau to ensure all proper entities are being licensed and no inappropriate people are receiving the benefits of the play of a controlled game. This information is already required on existing forms.

Section 7 requires information related to the property in which the TPPPS Business License or gambling establishment operates. This includes the physical gambling hall, but also any offsite office space or other facilities. Understanding the locations where the businesses operate ensures that Bureau has the ability to conduct any investigations or compliance efforts it deems necessary. Additionally, understanding the financial relationship of the contract and the associated individuals, allows the proper licensing of all individuals, as receipt of payment directly or indirectly related to the funds associated with a controlled game requires licensure as an owner even if not technically an owner of the business.

Section 8 requires information specific to a Cardroom Business License. This information is necessary as it helps to determine if the gambling establishment is compliant with fiscal requirements and identify individuals unique to a Cardroom Business License that could be considered owners; and, therefore require licensure.

Section 9 provides a list of additional documentation required. This includes other forms of the Commission and documents used to substantiate and verify the information provided in this form.

Section 10 is the declaration by the applicant that the information provided is correct and complete. This is necessary as the Bureau bases its review on this information, and the Commission makes its determination after reviewing the Bureau's report. Inaccurate or incomplete information is not only a violation of the requirement to provide the information but also a corruption of the finding of suitability.

- Individual Owner/Principal: Supplemental Information, CGCC – 0XX (New XX/19) requires that information be submitted related to each natural person that is also an owner of a Cardroom Business License or TPPPS Business License. This form represents a combination of BGC-APP-015A (Rev. 07/17) [gambling license] and BGC-APP-034A (Rev. 07/17) [TPPPS license].

Section 1 requires information related to the person. This is necessary for the Bureau to identify and confirm the submittal of an application. This information is already required on existing forms.

Section 2 requires information related to family and cohabitants. This information is currently on existing forms and is necessary for two reasons. First, the Act and regulations contemplate affiliates and affiliate transactions, and having a list of these individuals allows the Bureau to ensure compliance as they conduct their review. Second, during the Bureau background investigation of the applicant these individuals represent those closest to the applicant and provide an insight into the applicant's suitability.

Section 3 requires information related to military experience. This information is necessary as the Bureau is conducting a review of the life and experiences of the applicant. Military experience, like job history, can provide key examples of the individual's history and experience to be used by the Commission when determining suitability. This information is already required on existing forms.

Section 4 requires information related to the criminal history and litigation of the applicant. This information is necessary as the Act provides multiple examples of criminal acts that are either grounds for mandatory denial or explicit grounds for elective denial by the Commission. This information is already required on existing forms.

Section 5 requires information related to the residences of the applicant. This is necessary to ensure that the Bureau has the information necessary to investigate the history of an individual. This information is already required on existing forms.

Section 6 requires information related to the employment of the applicant. This is necessary to ensure that the Bureau has the information necessary to investigate the history of an individual. This information is already required on existing forms.

Section 7 requires information related to the licensing of the applicant. This is necessary to ensure that the Bureau has the information necessary to investigate the history of an individual. This information is already required on existing forms.

Section 8 requires information about other gaming related business interests. This information assists the Bureau in ensuring that the individual is eligible to participate in the ownership of a gambling business as the Act provides limitations. This information is already required on existing forms.

Section 9 requires information about non-gaming business interests. This information assists the Bureau by providing a complete financial understanding of the applicant. It is required by the Act that inappropriate individuals be kept separate from the control of a gaming business. By understanding the broader business landscape, the Bureau can investigate to ensure that no improper connections are made indirectly through a non-gaming business. This information is already required on existing forms.

Section 10 requires information related to the financial history of the applicant. This information helps the Bureau understand if the business is financially viable. Cardroom Business Licenses and TPPPS companies should be financially stable to ensure the public trust and that they are free of criminal and corruptive elements. This information allows for the Bureau to ensure all proper entities are being licensed and no one is receiving the benefits of the play of a controlled game without proper licensure. This information is already required on existing forms.

Section 11 provides a list of additional documentation required. This includes other forms of the Commission and documents used to substantiate and verify the information provided in this form.

Section 12 is the declaration by the applicant that the information provided is correct and complete. This is necessary as the Bureau bases its review on this information, and the Commission makes its determination after reviewing the Bureau's report. Inaccurate or incomplete information is not only a violation of the requirement to provide the information but also a corruption of the finding of suitability.

- Key Employee or TPPPS Supervisor: Supplemental Information, CGCC – 0XX (New XX/19) requires that information be submitted related to an applicant for a key employee license or TPPPS supervisor license. This form represents a combination of BGC-APP-016A (Rev. 08/09) [key employee] and BGC-APP-033 (Rev. 07/17) [TPPPS supervisor].

Section 1 requires information related to the person. This is necessary for the Bureau to identify and confirm the submittal of an application. This information is already required on existing forms.

Section 2 requires information related to family and cohabitants. This information is necessary as during the Bureau's background investigation of the applicant these individuals represent those closest to the applicant and provide an insight into the applicant's suitability. This information is already required on existing forms.

Section 3 requires information related to military experience. This information is necessary as the Bureau is conducting a review of the life and experiences of the applicant. Military experience, like job history, can provide key examples of the individual's history and experience to be used by the Commission when determining suitability. This information is already required on existing forms.

Section 4 requires information related to the criminal history and litigation of the applicant. This information is necessary as the Act provides multiple examples of criminal acts that are either grounds for mandatory denial or explicit grounds for discretionary denial by the Commission. This information is already required on existing forms.

Section 5 requires information related to the residences of the applicant. This is necessary to ensure that the Bureau has the information necessary to investigate the history of an individual. This information is already required on existing forms.

Section 6 requires information related to the employment of the applicant. This is necessary to ensure that the Bureau has the information necessary to investigate the history of an individual. This information is already required on existing forms.

Section 7 requires information related to the licensing of the applicant. This is necessary to ensure that the Bureau has the information necessary to investigate the history of an individual. This information is already required on existing forms.

Section 8 requires information about other gaming related business interests. This information assists the Bureau in ensuring that the individual is eligible to participate in the operation of a gambling business as the Act provides limitations. This information is already required on existing forms.

Section 9 requires information about non-gaming business interests. This information assists the Bureau by providing a complete financial understanding of the applicant. It is required by the Act that inappropriate individuals be kept separate from the control of a gaming business. By understanding the broader business landscape, the Bureau can investigate to ensure that no improper connections are made indirectly through a non-gaming business. This information is already required on existing forms.

Section 10 requires information related to the financial history of the applicant. A key employee's or TPPPS supervisor's job duties could include sensitive tasks that put them in a position to compromise internal controls. Factors such as their personal finances could put pressure on an individual to act inappropriately. Providing this information to the Bureau is necessary so that it is aware of an applicant's financial viability. Additionally, the Commission has an interest in ensuring that only individuals acting properly receive a license, and this includes an applicant following all proper procedures to resolve any financial issues. This information is already required on existing forms.

Section 11 provides a list of additional documentation required. This includes other forms of the Commission and documents used to substantiate and verify the information provided in this form.

Section 12 is the declaration by the applicant that the information provided is correct and complete. This is necessary as the Bureau bases its review on this information, and the Commission makes its determination after reviewing the Bureau's report. Inaccurate or incomplete information is not only a violation of the requirement to provide the information but also a corruption of the finding of suitability.

- Trust: Supplemental Information, CGCC – 0XX (New XX/19) requires that information be submitted related to each trust that is also an owner of a Cardroom Business License or TPPPS Business License. This form currently exists as BGC-APP-143 (Rev. 07/17) in conjunction with an application for both a gambling license and TPPPS license; however, additional information has been added.

Section 1 requires information related to the trust. This is necessary for the Bureau to identify and confirm the submittal of an application. This information is already required on existing forms.

Section 2 requires information about the structure of the trust. This information is necessary to ensure that every individual required to do so submit an application for licensure. This information is already required on existing forms.

Section 3 requires information about the trust authority. This information is necessary to ensure that every individual required to do so submit an application for licensure. This information is already required on existing forms.

Section 4 requires information about the litigation history of the trust. This information is necessary to allow the Bureau to follow the actions of the trust in order to ensure that the company has acted properly in all cases. This information is already required on existing forms.

Section 5 requires information about other gaming related business interests. This information assists the Bureau in ensuring that the individual is eligible to participate in the ownership of a gambling business as the Act provides limitations.

Section 6 requires information about non-gaming business interests. This information assists the Bureau by providing a complete financial understanding of the applicant. It is required by the Act that inappropriate individuals be kept separate from the control of a gaming business. By understanding the broader business landscape, the Bureau can investigate to ensure that no improper connections are made indirectly through a non-gaming business.

Section 7 requires information related to the financial history of the applicant. A representative of the trust could be involved in sensitive tasks that put them in a position to compromise internal controls. Factors such as the trusts' finances could put pressure on an individual to act inappropriately. Providing this information to the Bureau is necessary so that the investigatory agency is aware of any possible situations. Additionally, the Commission has an interest in ensuring that only individuals acting properly receive a license, and this includes an applicant following all proper procedures to resolve any financial issues.

Section 8 provides a list of additional documentation required. This includes other forms of the Commission and documents used to substantiate and verify the information provided in this form.

Section 9 is the declaration by the applicant that the information provided is correct and complete. This is necessary as the Bureau bases its review on this information, and the Commission makes its determination after reviewing the Bureau's report. Inaccurate or incomplete information is not only a violation of the requirement to provide the information but also affected the finding of suitability.

- Commission Work Permit, TPPPS Player, or TPPPS Other Employee: Supplemental Information, CGCC – 0XX (New XX/19) requires that information be submitted related to an applicant for a work permit, TPPPS player or TPPPS other employee. This form represents a combination of BGC-APP-032 (Rev. 07/17) [TPPPS Licensing] and BGC-436 (Rev. 07/17) [TPPPS Registration]. There is not currently a supplemental form required for work permittee applicants.

Section 1 requires information related to the person. This is necessary for the Bureau to identify and confirm the submittal of an application. This information is already required on existing forms.

Section 2 requires information related to family and cohabitants. This information is necessary as during the Bureau's background investigation of the applicant these individuals represent those closest to the applicant provide an insight into the applicant's suitability. This information is already required on existing forms.

Section 3 requires information related to military experience. This information is necessary as the Bureau is conducting a review of the life and experiences of the applicant. Military experience, like job history, can provide key examples of the individual's history and experience to be used by the Commission when determining suitability. This information is already required on existing forms.

Section 4 requires information related to the criminal history of the applicant. This information is necessary as the Act provides multiple convictions that could lead to a mandatory or discretionary denial by the Commission. This information is already required on existing forms.

Section 5 requires information related to the residences of the applicant. This is necessary to ensure that the Bureau has the information necessary to investigate the history of an individual. This information is already required on existing forms.

Section 6 requires information related to the employment of the applicant. This is necessary to ensure that the Bureau has the information necessary to investigate the history of an individual. This information is already required on existing forms.

Section 7 requires information related to the licensing of the applicant. This is necessary to ensure that the Bureau has the information necessary to investigate the history of an individual. This information is already required on existing forms.

Section 8 provides a list of additional documentation required. This includes other forms of the Commission and documents used to substantiate and verify the information provided in this form.

Section 9 is the declaration by the applicant that the information provided is correct and complete. This is necessary as the Bureau bases its review on this information, and the Commission makes its determination after reviewing the Bureau's report. Inaccurate or incomplete information is not only a violation of the requirement to provide the information but also affected the finding of suitability.

- Supplemental Information: Schedules, CGCC – 0XX (New XX/19) requires additional financial information from an applicant in conjunction with their specific supplemental form. This information is currently included within the older supplemental forms, but has been separated into its own form and listed under the additional documentation requirement of each relevant supplemental form. No new information is being required.
- Spousal Instructions, CGCC – 0XX (New XX/19) requires that an applicant and their spouse, when applying for an gambling business license, provide the specific relationship the spouse will have with the gambling business, including any potential rights through inheritance or community property. Because statute requires that any

person with direct or indirect interest be licensed as an owner, the specific relationship a spouse will have with a business determines if they also are required to apply as an owner. This form represents a combination of BGC-APP-009A (Rev. 07/17), BGC-APP-010 (Rev. 07/17), BGC-APP-011 (Rev. 11/07), BGC-APP-012 (Rev. 11/07), BGC-APP-013 (Rev. 11/07) and BGC-APP-014 (Rev. 11/07).

Section 1 requires information related to the applicant and their spouse. This is necessary for the Bureau to identify and confirm the submittal of an application. This information is already required on existing forms.

Section 2 requires information related to the relationship of the spouse to the business. This assists the applicant in identifying if their spouse is required to submit an owner application. This information is already required on existing forms; however, the questions have been revised to clarify the types of involvement, authority, or influence over the business a spouse may have.

Section 3 requires that a spouse who does not have any direct or indirect interest in the business to validate (along with the applicant) that this status of no direct or indirect interest will be maintained, that any future interest will require licensure. This information is already required on existing forms; however, the questions have been revised to clarify the types of involvement, authority, or influence over the business a spouse will not be allowed.

Section 4 provides a list of additional documentation required. This includes documents that may support the spouse's declaration and provide a basic assessment of any criminal history.

Section 5 is the declaration by the applicant that the information provided is correct and complete. This is necessary as the Bureau bases its review on this information, and the Commission makes its determination after reviewing the Bureau's report. Inaccurate or incomplete information is not only a violation of the requirement to provide the information but also a corruption of the finding of suitability.

- Request for Copy of Personal Income Tax or Fiduciary Return, FTB-3516C1 (Rev. 02/09 side 1-PIT) is an updated form maintained by another agency. This update is non-substantive as the older versions of the forms were not being provided
- Request for Copy of Corporation, Exempt Organization, Partnership, or Limited Liability Company Return, FTB-3516C1 (Rev. 11/03 side 2-CORP) is an updated form maintained by another agency. This update is non-substantive as practically the older versions of the forms were not being provided

Subsection (c) provides for the Authorization to Release Information form:

- Authorization to Release Information, CGCC – 0XX (New XX/19) requires that the applicant authorize the Bureau to request additional information directly from the source of the information. This is necessary to facilitate the background review. Without this authorization, the applicant would be required to take the time and effort to find and request every piece of additional information required by the Bureau. This is an existing form as BGC-APP-006 (Rev. 07/17) most of the proposed changes are non-substantive, editorial changes. One change extends the release expiration from 12 months to 24 months. This change reflects that the licensing period is 24 months, not 12 months. In the past approvals were for one year and when the change was made to a two year licensure this form was not modified to reflect this change.

Subsection (d) provides for the background verification forms. If an applicant is a resident of California, then the standard service of Live Scan is available. This program is currently used for all application types. This process is not available for out of State residents, and currently those applicants do not submit a Live Scan, though one is technically required. Instead, they submit an Applicant Fingerprint Card, FD-258. The regulations have been modified to correctly reference the forms that are required.

- Request for Live Scan Service, California Department of Justice Form BCII 8016 (Rev. 05/12) is an updated form maintained by another agency. This update is non-substantive as the older versions of the forms were not being provided.
- Applicant Fingerprint Card, FD-258 is a form maintained by the Federal Bureau of Investigation and need not be adopted formerly as part of this regulation process.

Subsection (e) provides for the Appointment of Designated Agent form:

- Appointment of Designated Agent, CGCC – 0XX (New XX/19) allows the designation of a representative. This form represents a combination of BGC-APP-008 (Rev. 07/17) [gambling license] and BGC-APP-031 (Rev. 07/17) [TPPPS license].

Section 1 requires information specific to the applicant. This is necessary for the Bureau to identify and confirm the submittal of the form. This information is already required on existing forms.

Section 2 requires information on the designated agent. This information is necessary so the Bureau has the information necessary to process communications. This information is already required on existing forms.

Added to this section is the requirement that the applicant or licensee provide more specific information related to appointments that are not for “all matters.” The current allows specific areas to be identified where the designated agent does not have authority. The new form provides examples of areas of authority for the applicant or licensee to specifically assign. This will provide the applicant or licensee

with better clarity related to the specific authorized authority when not electing “all matters.”

Section 3 provides a space for the designated agent to acknowledge appointment and confirm that they understand the authority and responsibility that has been provided to them by the applicant and licensee. Current practice does not require that the designated agent actually acknowledge that they have been appointed, which could create a confusing situation for all parties. This section provides for a simple method for everyone to show understanding of an appointment.

Section 4 requires that the applicant sign the form. This provides the Bureau with verifiable information that the applicant consents to the designation.

Subsection (b) provides the processing timelines and application requirements for both a completed application and for the required supplemental information.

- Paragraphs (1) and (2) are moved to Section 12116.
- Paragraph (3) is repealed. This provision provides that should the Bureau need longer than the proscribed period to review an application, it must inform the applicant. This provision is unnecessary as it restates subdivision (a) of B&P Code section 19868.

Subsection (c) is repealed. This provision provides that the Bureau may exceed the proscribed timelines for specific reasons. Subdivision (a) of B&P Code section 19868 does not provide any limitation to the reasons the Bureau can exceed its proscribed timelines, but only requires notification and revised estimated date of completion. This provision could be interpreted to limit the Bureau’s flexibility as provided by statute; and, therefore this provision is improper.

Amend Section 12345. Gambling License Renewals; Processing Times.

Section 12345 is renumbered to Section 12114 and renamed Renewal License Applications; Required Forms. This section initially only applied to gambling licenses; however, it has been expanded and combined with other existing similar sections to provide a single consistent application process for all license types. The sections combined with Section 12345 are Sections 12351 [key employee license] and 12218.8 [TPPPS licenses]. This new section provides the specifics of the application process including what is considered a complete application and the time frame they will be processed in. The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (a) provides that an application for renewal must be filed no later than 120 days before the expiration of the current license or work permit. As all combined sections include the 120 day period, this provision only includes non-substantive, editorial revisions.

Subsection (b) provides that a gambling license filed less than 110 days prior to the expiration date of the current license shall be deemed delinquent. This is a current determination and the provision has only received non-substantive, editorial revisions.

Subsection (c) provides for what a complete application includes.

- Paragraph (1) provides a requirement to provide an application form.
- Paragraph (2) provides a nonrefundable application fee must be provided. This provision is repealed as the requirement to include a fee has been moved and included in each form.
- Paragraph (3), renumbered to paragraph (2) provides that a deposit pursuant to the Bureau's regulations must be provided. This section is modified to be consistent with the generalization of the regulations.
- New paragraph (3) provides that a passport-style photograph be provided with the application. This is currently true for all license types but gambling licenses. This new requirement is consistent with the proposed provision of badges to gambling license holders.
- New paragraph (4) adds the new requirement of a Request for Live Scan service or Applicant Fingerprint Card with a renewal application. This is necessary to verify that individuals with findings of suitability maintain their suitable status. Currently, the Bureau is able to provide ongoing monitoring of California criminal databases. If a licensee commits a crime in California, the Bureau is notified. This ongoing monitoring is not available from other states, nor is it available for federal databases. In order to check the ongoing status of those databases, an updated live scan is required with the submission of the renewal application.
- New paragraph (5) adds the new requirement that if an application is for an owner, any Spouse must submit a new copy of the Spousal Information form. This requirement is necessary to allow the Bureau to ensure that no changes in the Spouse's status has occurred.

Subsection (d), formerly subsection (b), provides clarification that even for renewals, all endorsed licensees must provide renewal applications. This is currently required and all proposed changes to this provision are non-substantive, editorial changes to be consistent with other proposed changes.

Current subsection (c) is moved to Section 12116.

Current subsection (d) is repealed. This provision provided specific reasons the Bureau could exceed the required timelines. This provision is inconsistent with the requirement of approving a renewal application before the expiration of the current license or work permit. With an application due only 120 days prior to the expiration of the current license, that provides a limited time for both the Bureau to review an application and for the Commission to consider the application.

Current subsections (e) and (f) are moved to Section 12116.

Adopt Section 12116. Processing Timelines for Applications.

Section 12116 provides for the timelines for application review. This section is a combination of provisions from the many review processes; including, Sections 12342 [gambling license], 12203 [TPPPS registration], 12218.7 [TPPPS licensing] and Section 12350 [key employee license]. By combining these provisions into one section, all license processes can be made consistent. The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (a) provides the processing timelines and application requirements.

- Paragraph (1) provides that the Bureau shall review an application within ten business days after receipt of an application. Current regulations have inconsistent deadlines for the initial review of an application. Sections 12342 [gambling license], 12203 [TPPPS registration], 12218.7 [TPPPS licensing] allows the Bureau 20 days while Section 12350 [key employee license] is 5 days. After consultation with the Bureau on the inconsistent deadlines, it was determined that a 10 day period in all cases was necessary. This timeline provides the Bureau the necessary time to make sure an application is complete while also providing a prompt transition of a complete application. Additionally, a “complete application” is changed to reference the two new application forms, for Employees and Owners. This is a non-substantive, editorial change to keep the language consistent with other revisions.
- Paragraph (2) provides that the Bureau shall review an application’s supplemental information forms. The requirement that the Bureau and notify the applicant that the application is complete within 30 days is removed. This requirement is not required by statute and is often a burden on the Bureau’s review process. By removing this requirement the Bureau is allow additional flexibility when conducting its background investigation. Additional proposed changes to this paragraph are non-substantive, editorial changes to keep the language consistent with other revisions.

Subsection (b) provides the timelines that the Bureau must follow when submitting its Bureau. This provision is represents a non-substantive change as current timelines coincide with this requirement.

Subsection (c), formerly subsection (e) of Section 12345, provides for what happens if a renewal application was not received timely; and, therefore there was not adequate time to complete the review and have the Commission consider the request before the current license expires. This provision provides important clarity to what happens within the interim period between a license expiring and a license being renewed.

- Paragraph (1) provides that a Cardroom Business License shall cease all gambling operations. This provision currently exists and all revisions to it are non-substantive, editorial changes.

- New paragraph (2) provides that if a TPPPS Business License's license expires the company must cease participation in any controlled game and not resume until they once again have a valid license. While this proposed provision is new, the effect of the provision is not. Regulation already requires that a company be licensed to offer proposition player services. This provision provides specificity that an expired license is not a valid license.
- New paragraph (3) provides that if an individual's license expires, that individual cannot perform in any capacity that requires a license. While this proposed provision is new, the effect of the provision is not. The Act and regulation already requires that an individual be licensed to participate in the offering proposition player services or in the conduct of a controlled game. This provision provides specificity that an expired license is not a valid license.

Subsection (d), formerly subsection (f) of Section 12345, provides that if a renewal application is not submitted within 10 days after the expiration of the current license, the license shall be considered abandoned. The provision is modified to provide clarity that it only refers to state gambling licenses, which are the primary license for a Cardroom Business License upon which all other owners are endorsed. This clarification is necessary as the existing provision deals directly with the abandonment provisions of Section 12142, which applies only to Cardroom Business Licenses and with the combination of related provisions there could be confusion that other license types may be affected by these provisions.

Adopt Section 12118. Objection to Local Work Permits.

Section 12118 makes effective paragraphs (1) and (3) of subdivision (c) of B&P Code section 19912 and B&P Code section 19914 by providing clarity on how objections and revocations of local work permit shall occur.

Subsection (a) provides that if the Commission has denied an applicant that denial shall constitute grounds for the Bureau to object to the issuance of a work permit by a city, county, or city and county. This provision is necessary to provide the Bureau with the required guidance for when it should object to the issuance of a work permit. In most cases, if the Commission has made the determination that an individual is not suitable to participate in the operation of a controlled game that disapproval should stand and prevent any participation. In the very rare cases where the Commission may only be uncomfortable with an individual acting at a specific level of participation, such as a key employee, but feels a lower level of participation is allowable, the Commission can provide case-by-case instruction when denying an application.

Subsection (b) provides that if a local work permit has been denied due to an objection by the Bureau, the applicant may request the Executive Director to schedule a hearing before the Commission. Paragraph (3) of subdivision (c) of B&P Code Section 19912 provides that when the Bureau has made an objection of the issuance of a work permit, that individual may apply for an evidentiary hearing. The provision necessarily uses the GCA hearing process as

it is the most expedient way for the Commission to consider the issue at the required evidentiary hearing as during this review time an individual is unable to work in the permitted position.

Subsection (c) provides that the hearing shall be a GCA hearing, with a few exceptions.

1. The complainant shall be the Bureau;
2. The Bureau shall not be required to provide a Bureau report, but shall instead be required to establish its basis for denial; and,
3. The burden of proof shall be on the Bureau.

The differences in the hearing processes are necessary to reflect the differences in the situation versus a normal application. First, the individual is not an applicant to the Commission. The Act requires that applicants to the Commission prove their suitability, but these individuals are applicants to a city, county, or city and county which has presumably found them suitable (hence the Bureau's objection). By objecting to the work permit, the situation is more similar to an accusatory action, where the individual has been found suitable and the Bureau is requesting the Commission remove that finding. Therefore, the "burden" of proving the situation should be on the Bureau to explain and defend their decision. This reasoning justifies why the Bureau must be the complainant, will not have processed an application (and hence will not have a bureau report), and shall have the burden of proof.

Subsection (d) provides that the Commission may revoke a Commission work permit, or instruct a local agency to revoke a local work permit after any hearing that establishes any of the criteria found in paragraphs (1) through (9) of subdivision (a) or subdivision (b) of B&P Code section 19914. This provision is necessary to provide clarity and specificity to the allowance that the Commission may revoke, or order the revocation of a work permit following specific findings at a hearing. Unlike other requirements, B&P Code Section 19914 does not limit the hearing process to an evidentiary hearing conducted by the Commission; and, therefore any hearing where proper due process has been allowed can meet this requirement. To limit this process to just an evidentiary hearing would create an unnecessarily redundant process where a holder of a work permit has a full procedure at another venue, is found unsuitable, and then the Commission is required to hold another hearing in order to realize the same decision.

Adopt Section 12120. Findings of Suitability Associated with a Tribal Compact.

This section provides consistency with Tribal gaming compacts ratified by Government Code section 12012.25 and subsequent sections providing for newer or amended compacts. These compacts require Tribal key employees, gaming resource supplies, and financial sources to secure licenses from Tribal Gaming Agencies and findings of suitability from the Commission. These provisions delineate the standards the Commission will consider for the Tribal findings of suitability. Additionally, the exclusion of shareholders which own less than ten percent of a corporation is consistent with B&P Code section 19852 in that intermediary and holding companies may be bypassed in the licensing process.

Repeal Section 12120. Temporary Work Permits.

This section provides provisions for the issuance of temporary work permits.

Subsection (a) provides for that when processing an application for a Commission work permit, the Executive Director may issue a temporary work permit and provides conditions on the temporary work permit. This section is repealed. These provisions have been incorporated into the new temporary license provisions and are discussed in those sections.

Subsection (b) provides that upon the issuance or denial of a Commission work permit, the temporary permit will become void. This section is repealed. These provisions have been incorporated into the new temporary license provisions and are discussed in those sections.

Subsection (c) provides that if a Commission work permit is not issued within 120 days (the duration of a temporary work permit), the applicant may request a new temporary work permit and may also request the waiver of any fee. This provision has been incorporated into the new temporary license provisions and is discussed in those sections. This provision has been modified to eliminate any fee associated the renewal of a temporary license. A request based waiver provides an inconsistent fee structure as some pay for renewal while others do not for no substantial reason.

Subsection (d) provides that if a Commission work permit is issued before the temporary work permit is issued; the application for a temporary work permit shall be automatically withdrawn. This provision is repealed. Under the new application scheme a separate application for a temporary license is not required, only a box on the primary application is now required. Therefore, there is no separate application to withdraw as they are a single application.

Subsection (e) provides that if an application for temporary work permits is incomplete the Bureau may request the additional information needed to complete the application. This provision is repealed. Under the new application scheme a separate application for a temporary license is not required, only a box on the primary application is now required. Therefore, the provisions related to the entire application being complete provide for temporary licenses as well and a separate provision is unnecessary.

Subsection (f) provides that if an applicant withdraws their application the temporary license is likewise invalid. This provision has been incorporated as subsection (g) of Section 12015. This is non-substantive, editorial change.

Adopt Section 12122. General Provisions for Temporary Licenses and Work Permits.

This section provides provisions that apply to all temporary licenses.

Subsection (a) provides that a temporary license shall be associated with a regular application for a license or work permit. This provision is necessary to provide clarification that a

temporary license cannot be separately requested or considered. A temporary license, if issued, is an aspect of and linked to an application for licensure.

Subsection (b) provides that the issuance of a temporary license does not create a property right in its holder. This is necessary to provide clarity that a temporary license is linked to a request for a license or work permit, and that license or work permit must still be investigated by the Bureau and considered by the Commission and that the issuance of a temporary license does not preclude the Commission from denying the license upon consideration. Additionally, this provision is consistent with current regulation: subsection (a) of Section 12120 [work permit] and subsection (c) of Section 12201 [TPPPS registration].

Subsection (c) provides the time periods that a temporary license is valid.

- Paragraph (1) provides the timeframes for temporary Commission work permits. Subdivision (d) of B&P Code section 19912 limits the issuance of a temporary Commission work permit to 120 days. Additionally, this regulatory requirement is consistent with subsection (a) of Section 12120 with one change. Currently, an applicant is required to re-request a temporary work permit continually every 120 days. This requirement is a burden both to the applicant, but also to the Bureau who is required to process every application and the Commission who is required to consider them. This process creates a significant amount of extra work, and to prevent this it is necessary to revise the requirement. The proposed change would cause the automatic re-approval of the temporary license without reapplication.
- Paragraph (2) provides the timeframes for any temporary license that is not a temporary Commission work permit. The provision provides that the temporary license is valid for no more than two years. This period is consistent with the key employee provisions in paragraph (2) of subsection (c) of Section 12354. Current provisions do not include temporary licenses for gambling licenses or TPPPS licenses; however, applying this limit is consistent with existing regulations related to temporary licenses but also with the requirement that a license be for two years.

Subsection (d) provides that if an application is denied any associated temporary license is void. This is necessary to provide clarity that a temporary license is linked to a request for a license or work permit and cannot be independently held. Additionally, this provision is consistent with current provisions: subsection (b) of Section 12120 [work permit] and subsection (d) of Section 12354 [key employees].

Subsection (e) provides that the denial or cancellation of a temporary license does not affect the processing or consideration of the related application. This is necessary to provide clarity that a temporary license is linked to a request for a license or work permit, and that license or work permit must still be investigated by the Bureau and considered by the Commission. Additionally, this provision is consistent with current provisions: Section 12124 [work permit].

Subsection (f) provides clarity that a temporary license is not a right and is not subject to an evidentiary hearing for cancellation. This is necessary as a temporary license is not what has been requested and is directly linked to a request for an initial license.

Repeal Section 12124. Effect of Denial or Cancellation of Temporary Work Permits.

The repeal of this section is a non-substantive, editorial change as the provision has been incorporated as subsection (f) of Section 12124.

Amend Section 12122. Criteria for the Issuance of Temporary Work Permit.

Section 12122 is renumbered to Section 12124 and renamed Temporary Employee Licenses. This section initially only applied to work permits; however, it has been expanded and combined with other existing similar sections to provide a single consistent process. This section is combined with Section 12126 [work permit], Section 12203.2 [TPPPS registration] and Section 12349 [key employee license]. Additionally, these provisions are being expanded to include TPPPS supervisor license, TPPPS player license, and TPPPS other employee license. This expansion is necessary to provide a single consistent process for all employee level licenses.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (a) provides the conditions an application must meet for the Executive Director to issue a temporary license.

- Paragraph (1) provides that the applicant must have requested a temporary license and provided the applicable fee. It is necessary for the applicant to request and pay a fee as there is additional work associated with the issuance of a temporary license.
- Paragraph (2), formerly subsection (c), provides that the applicant cannot be issued a temporary license if it is determined that the applicant's information discloses grounds for mandatory denial. This is necessary as the Bureau may choose to conduct a more detailed investigation prior to submitting its report to the Commission. A temporary license is not a right or subject to the same due process standards of a regular license and it would not be appropriate for the applicant to receive a temporary license when it has been determined that grounds for mandatory denial exist.
- Paragraph (1) of subsection (c) is repealed. This provision is redundant to other provisions in this section, specifically to paragraph (2), formerly subsection (c), which provides for the denial of a temporary license for any mandatory grounds for disqualification specified Section 12040. Paragraph (2) of subsection (a) of Section 12040 incorporates all provisions of B&P Code section 19859, and included in that section is subdivision (c) which provides mandatory denial for the conviction of a

- felony. Due to this surplusage, the removal of this provision is a non-substantive change, without regulatory effect.
- Paragraph (3), formerly paragraph (2) of subsection (c), provides a list of convictions the applicant cannot be convicted of within the ten year period preceding submission of an application. This standard is already included in current temporary licensing requirements. Subparagraph (E) is repealed as it is inappropriate for any entity but the Commission to determine if a specific act involves dishonesty or moral turpitude.
  - Paragraph (4), formerly paragraphs (3) and (4) of subsection (c), provide that a temporary license shall not be issued if the applicant has had an application for another license revoked. This provision has been expanded to cover any other approval provided by the Commission. This is necessary as the Commission has already made a determination that an individual is not suitable and it is inappropriate to put the Executive Director in a position to override that determination by providing a temporary license and allowing an individual to participate in restricted activities.
  - Paragraph (5), formerly paragraph (5) of subsection (c), provides a general requirement that the applicant not be precluded from receiving a license for some unstated provision of the Act, Commission regulation or some other provision of law. This is necessary to provide clarity that this regulatory section does not limit or expand any other section just because a restriction was not specifically listed.
  - Paragraph (6), formerly subsection (e), provides that the Executive Director need not issue a temporary license if some aspect of the application or other information leads the Executive Director to believe that the applicant may present a danger to the public or the reputation of controlled gambling in this state. This is a current provision, and the proposed change is a non-substantive, editorial change to make the provision consistent with other changes.
  - Paragraph (7) provides that when an applicant has had an application abandoned pursuant to Section 12017(c) where that application had an associated Bureau report that included a recommendation of denial, they would be precluded from obtaining a temporary license on a future application for a period of one year. This limitation is necessary to protect the Commission's and Bureau's resources by preventing an applicant from abandoning an application that has been or likely will be directed to an evidentiary hearing, and then applying for a new licensing (and therefore receiving a new temporary license).

Subsection (b) provides a list of items and information that must be provided to the Commission. This provision is repealed. Under the new application scheme a separate application for a temporary license is not required; a box for the applicant to check temporary license has been included on the primary application. The form also includes information that is being repealed in this section.

Subsection (d) provides that a temporary license shall be issued if either the fingerprint results reveal no convictions that would result in a mandatory or discretionary denial or has not been received within a specific timeframe. This provision is repealed. The issuance of a fingerprint check is a simple and straightforward way to ensure an applicant's compliance with the provisions of subsection (a). To award an applicant a temporary license without a fingerprint check is to issue a temporary license without even the most basic verification and is inappropriate and inconsistent with the Act's requirement to ensure only suitable individuals conduct controlled game or participate in the providing of third-party services.

New subsection (b) provides the timeline through which the Bureau shall recommend to the Executive Director that a temporary license should be issued. Current provisions provide a timeline under which the temporary license must be issued; however, with the two regulatory agencies having separate responsibilities in the process, the current language does not provide the necessary clarity on each agency's requirements. For example, subsection (b) of Section 12126 provides that the temporary license must be issued within 15 working days after the filing of a complete application. However, while the temporary license is issued by the Executive Director the application is filed with the Bureau. This provision revises the process to provide that within 15 days the Bureau shall recommend to the Executive Director if a temporary license shall be granted or denied. The 15 day requirement is triggered after one of the following events:

- Paragraph (1) provides that if the applicant already has a valid Commission work permit, TPPPS player license, or TPPPS other employee license simply requesting a temporary key employee license or temporary TPPPS supervisor license is enough. This is necessary as these individuals already hold a valid approval, at a lower level of responsibility; and, therefore minimal work should be required before issuing a temporary license.
- Paragraph (2) provides that if the applicant does not currently possess a valid approval by the Commission that the Bureau will not issue its recommendation until after the fingerprint results have been received. The issuance of a fingerprint check is a simple and straightforward way to ensure an applicant's compliance with the provisions of subsection (a). To award an applicant a temporary license without a fingerprint check is to issue a temporary license without even the most basic verification and is inappropriate and inconsistent with the Act's requirement to ensure only suitable individuals conduct controlled game or participate in the providing of third-party services.

Subsection (f) provides that an applicant will not be receiving a temporary work permit if they are ineligible under B&P Code section 19859. This provision is repealed and incorporated into paragraph (2) of subsection (a). A new subsection (f) provides that an applicant does not have a right to an evidentiary hearing for the cancellation or conditioning of a temporary license. This is necessary to clarify that a temporary license is linked to the request for an initial license and is not itself subject to Business and Professions Code sections 19870 and 19871.

Repeal Section 12126. Processing Times for Temporary Work Permit.

This section is repealed. This section provides timelines for the issuance of temporary work permits. This section is incorporated as subsection (b) of Section 12124. The section provides that a temporary work permit must be granted or denied within 15 days of the filing of a complete application. This could allow a temporary license to be issued before the results of the fingerprint check are available. The issuance of a fingerprint check is a simple and straightforward way to ensure an applicant's compliance with the provisions of subsection (a) of Section 12122. To award an applicant a temporary license without a fingerprint check is to issue a temporary license without even the most basic verification and is inappropriate and inconsistent with the Act's requirement to ensure only suitable individuals conduct controlled game or participate in the providing of third-party services.

Adopt Section 12126. Temporary Gambling Business License.

This section provides a regulatory structure for the issuance of temporary licenses in conjunction with application requests for gambling business licenses should the applicant request it. The proposed provisions mirror existing temporary license regulations for non-gambling business licenses. Currently, applicants for gambling licenses are able to request the Bureau conduct a review in conjunction with an application through an informal case-by-case process. The Commission then considers the Bureau's recommendation and may issue a temporary license through general authority provided by the Act<sup>2</sup> to issue temporary licenses. The providing of regulations related to the issuance of temporary licenses is necessary to provide a consistent, streamlined process for applicants and to allow the Commission to provide the Bureau with the scope of its investigation. By providing this scope, the Bureau will be able to focus its initial review of an application to just those relevant items which will result in less resources being spent and a faster review process.

Temporary licenses are necessary to allow for the continuing operation of a business that is being sold to an unlicensed person(s) while the initial background investigation is being conducted. With a current unknown review time for an application for licensure, to hold a potential owner to this extended timeline would make maintaining the necessary financing near impossible as it would require the necessary resources to be secured but unused for years. This is an impractical and unreasonable requirement which is resolved by allowing a temporary license to be issued to allow for the transaction to be conducted while still holding protections should an applicant behave improperly or ultimately prove unsuitable.

Currently, applicants for TPPPS owner licenses are able to receive registrations and begin operating while the initial background investigation is pending. This process is not equitable to the issuance of a temporary license, but within that program the standards an owner application is held to is similar to the standards of a TPPPS employee level registration. However, the standards are not the same. For example, an owner registration is only issued for a period of one year instead of the two years of a TPPPS employee registration. This allows for the opportunity to more frequently examine the conduct of the business. The

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<sup>2</sup> Business and Professions Code section 19823, subdivision (f)

proposed change from the registration process to a temporary license process will result in an impact in the operation of a TPPPS Business License. Specifically, more initial examination will be required. This examination is necessary and lacking in the current program and will be discussed in more detail in the specific requirements. The change from a registration process to a temporary license process will be advantageous to a TPPPS Business License. For example, consistent with existing temporary license processes a TPPPS owner's temporary license will be for a two year period.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (a) provides a list of items that if applicable to the application will mean the Commission will not issue a temporary license.

- Paragraph (1) provides that the applicant cannot be issued a temporary license if the applicant's history contains a mandatory ground for denial. This is necessary as while the Bureau may choose to conduct a more detailed investigation prior to submitting its report to the Commission. A temporary license is not a right or subject to the same due process standards of a regular license and it would not be appropriate for the applicant to be working in the meantime. This standard is also included in temporary employee licenses as paragraph (2) of subsection (a) of Section 12122.
- Paragraph (2) provides a list of convictions the applicant cannot be convicted of within the ten year period preceding the application. This standard is already included in current temporary licensing requirements. This standard is also included in temporary employee licenses as paragraph (3) of subsection (a) of Section 12122 and is currently applied to the issuance of registrations as subsection (c) of Section 12203.2.
- Paragraph (3) provides a general requirement that the applicant not be precluded from receiving a license for some unstated provision of the Act, Commission regulation or some other provision of law. This is necessary to provide clarity that this regulatory section does not limit or expand any other section just because a restriction was not specifically listed. This standard is also included in temporary employee licenses as paragraph (5) of subsection (a) of Section 12122.
- Paragraph (4) provides that the applicant must hold all required business licenses, permits or other approvals prior to receiving a temporary license. This is necessary as a temporary license authorizes the business to offer controlled games or provide proposition player services; however, those offerings/providing must still meet all other requirements of statute and regulation. Therefore, it would be inappropriate and inconsistent with the Act for the Commission to authorize the conducting of business prior to that business otherwise being able to legally conduct business.

Subsection (b) provides the timeline and report structure the Bureau must follow when considering a request for a temporary gambling business license. The provision provides that the Bureau must provide a recommendation to the Commission that a temporary gambling business license be granted or denied.

The report structure represents the minimum items the Commission can utilize to consider an applicant's suitability. This includes the Bureau providing documentation to the Commission without analysis. This allows the Commission to review the submitted information before the Bureau completes its full investigation but, does not prevent the Commission from using it in its consideration. While not conducting any investigation, this review does allow the Commission to comment and focus the Bureau's investigation based upon specific issues of Commission concern. These provisions represent the minimum amount of information required and does not preclude the Bureau from conducting any form of investigation or from providing additional documents it feels are relevant. The documents provided in the report are:

- Paragraph (1) provides that any information related to the disqualification items of subsection (a) that the Bureau might have, shall be included in the report. This information is necessary so that the Commission can ensure that it does not issue a temporary license to an ineligible recipient.
- Paragraph (2) provides that the report shall include a brief history of the associated entity and any past or current ownership. This information is necessary as it provides context to the purpose of the licensure.
- Paragraph (3) provides that a copy of the lease agreement must be provided. This information is necessary as the Commission has an interest in the context of the location of the business; including, those individuals who are receiving payments from the business.
- Paragraph (4) provides that if a business is making the request, the foundational documents be provided to the Commission. This information is necessary as it provides the context to the organization, operation, and function of the business and associated owners.
- Paragraph (5) provides that the Bureau shall include its review of the associated transaction document and if not yet completed, must provide a copy of the transaction documents alone. One of the common reasons that a gambling business license is requested is because a portion or the whole existing business is being sold. In these cases, a copy of the transaction documentation is necessary so that the Commission can review the transaction document which requires their approval, though that is not a subject of these provisions.
- Paragraph (6) provides that the Bureau shall provide a cursory financial review of the applicant's source of funds for any associated purchase. A complete application

requires that all endorsed applicants include an application; including a funding source. Additionally, as the Bureau is already conducting a limited financial review during the determination of a complete application, providing the Commission with a copy of that review is not a significant burden. The Commission's understanding of the source of funds is necessary as the Commission is required to ensure that a business has sufficient recourses to operate in a manner consistent with the Act and regulations. The source and amount of funds available to the business directly impacts that businesses ability to maintain proper resources to either provide for cash equal to outstanding chip balances [gambling business] or to effectively provide for the terms of its contract to provide proposition player services [TPPPS Business License].

- Paragraph (7) provides that any other research the Bureau may conduct must be provided and could include any of the following:
  - Subparagraph (A) provides for any credit reports,
  - Subsection (B) provides for any known litigation history,
  - Subsection (C) provides for any past or current accusations, license restrictions, disciplinary actions imposed by either the Bureau, Commission or any other state board, commission or licensing body (the last two should be provided in the supplemental information), and
  - Subsection (D) provides for any notices of deficiency or other notices issued by the Bureau.

This information is necessary to assist the Commission with understanding the background of the applicant.

- Paragraph (8) provides a list of additional items that are required if the applicant does not already hold a valid license by the Commission. An applicant who holds a valid license has already had a background investigation; and, therefore the Commission can rely on past reviews and investigations when issuing a temporary license. An applicant who does not hold a license has not undergone a complete background investigation, so additional information is required prior to the issuance of a temporary license.
  - Subparagraph (A) provides that a copy of the applicant's statement of assets and income must be provided. This is information provided by the applicant in the Supplemental Information: Schedules form. This information is necessary as it provides the Commission with financial information about the applicant; including, if they are financially solvent to conduct and maintain the business, as previously discussed. Additionally, it allows the Commission to direct the Bureau's future investigation into any areas where they believe requires a more thorough investigation.

- Subparagraph (B) provides that information pertaining to the applicant's other gambling related business interests is required. This information is necessary as it provides the Commission with background regarding the applicant's experience in the industry.

Amend Section 12128. Cancellation of Temporary Work Permit.

Section 12128 is renamed Cancellation or Conditioning of Temporary Licenses. This section initially only applied to work permits; however, it has been expanded and combined with other existing similar sections to provide a consistent process for all license types. The process for cancelling temporary employee licenses is a combination of Section 12128 [work permit], Section 12203.5 [TPPPS registration] and subsection (e) of Section 12354 [key employee license]. The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subdivision (a), combined with subdivision (b), provides a list of circumstances that could lead to the cancellation or additional conditioning of a temporary license.

- Paragraph (1) provides the situation that the Commission has received reliable information during the effective period of the temporary license that would have led to a temporary license not being issued. This is necessary as a temporary license is ultimately issued with incomplete information and the Commission requires the flexibility to reevaluate its decisions when more information becomes available. Additionally, to allow an individual who should not have a license to maintain a temporary license just because information was not initially available is unreasonable and counter to the Act's requirement to ensure that only suitable individuals participate in the conducting of a controlled game or in providing proposition player services.
- Paragraph (2) provides the situation where the Bureau report has been issued with a recommendation for denial. This provision is repealed. The Commission is the ultimate decision making body, who issues both temporary licenses and regular licenses. It is inappropriate to allow for another entity to have the authority to cancel or alter the Commission's decision based on this other entity's recommendation.
- Current paragraph (3), renumbered paragraph (2) provides the situation where the Commission has referred an application to an evidentiary hearing and the Commission directs the Executive Director to cancel the temporary license. This is necessary as a temporary license is ultimately issued with incomplete information and the Commission requires the flexibility to reevaluate its decisions when more information becomes available. This provision is amended to allow for the Commission to condition a temporary license. This change is necessary to allow the Commission the maximum flexibility when considering each application.

- The new paragraph (3) is moved from subsections (i), (j), (k) and (n) of Section 12200.18 which is a revocation for both registrations and TPPPS licenses. Section 12200.18 requires that for these grounds to be utilized a hearing is required; however, this is inappropriate for temporary licenses which hold no independent right and are instead linked directly to a request for an initial license.
- Current paragraph (4) is repealed and moved to subsection (g) of Section 12015. This is a non-substantive, editorial change. New paragraph (4) is moved from subdivisions (l), and (m) of Section 12200.18 which is a revocation for both registrations and TPPPS licenses. Section 12200.18 requires that for these grounds to be utilized a hearing is required; however, this is inappropriate for temporary licenses which hold no independent right and are instead linked directly to a request for an initial license.
- The new paragraph (4) would provide that a temporary license for a TPPPS owner or TPPPS supervisor would be cancelled if the licensee either:
  - Knowingly permitted a TPPPS supervisor or TPPPS player to commit any act in paragraph (3); or,
  - Knew, or failed to implement reasonable oversight procedures that would have allowed the owner to become aware that an employee was acting in a manner that violated either the Act or Commission regulations, and failed or refused to take action to prevent the recurrence of that violation.

This is necessary to ensure that in situations where an owner or supervisor is complicit, unable, or unwilling to operate their business in a manner consistent with the Act or regulations, the Commission reconsider the status of the temporary license and either impose additional restrictions or cancel the temporary license. A temporary license is ultimately issued with incomplete information and the Commission requires the flexibility to reevaluate its decisions when more information becomes available.

Subsection (b) provides direction if one of the circumstances of subsection (a) applies to the temporary license and said license is summarily cancelled. This is necessary to provide direction to the steps that must be followed.

- Paragraph (1) provides that the Executive Director shall notify the applicant, their associated Cardroom Business License or TPPPS Business License, local law enforcement and the Bureau that their temporary license was cancelled and the reason why. This is necessary to ensure that all parties involved, applicant, employer, and the enforcement agencies are aware of the change in circumstances so that the applicant can be properly distanced from the offering of a controlled game or the providing of proposition player services.
- Paragraph (2) provides that the Executive Director shall require the associated Cardroom Business License or TPPPS Business License to terminate the employment

of any license required activities. This is necessary as an unsuitable person is unable to participate in specific activities, so once without a temporary license an individual cannot legally perform those functions.

- Paragraph (3) provides that the Executive Director require the applicant to surrender the temporary license. This is necessary to ensure that the applicant does not continue to operate utilizing a license that has been cancelled.

Subsection (c) provides direction to a temporary gambling business license if one of the circumstances of subsection (a) applies to the temporary license. Unlike an employee license, a temporary gambling business license cannot be summarily cancelled as to do so can have a drastic effect beyond just separating an unsuitable person from restricted activities. If for example, a temporary license is cancelled, this could lead to the closure of a gambling establishment because there is no licensed owner. This would include all licensed employees, or worse, could lead to the business continuing to operate but with an endorsed individual who is unlicensed. Because of these types of situations, the proposed provisions do not contemplate the cancellation of a temporary gambling business license, but instead a reconditioning of the license to ensure the operation of the business and separating the unlicensed individual from the business. The proposed structure is very similar to the interim gambling license scheme as provided in Section 12349, proposed to be changed to Section 12132.

- Paragraph (1) provides that the holder of the temporary license shall be barred from participation, in any way, in the conduct of the business. This is necessary to remove the individual from exercising any form of control over the business.
- Paragraph (2) provides that any proceeds derived from the operation of the business that would be payable to the holder of the license would be placed into an escrow account and not released until the Commission has approved their application. This mirrors paragraph (9) of subsection (f) of Section 12349 (proposed to be changed to Section 12132) and is necessary to prevent the individual from receiving funds from the business while unlicensed.
- Paragraph (3) provides that the Commission may apply additional conditions specific to the situation. This mirrors paragraph (10) of subsection (f) of Section 12349 (proposed to be changed to Section 12132) and is necessary to provide clarity that the Commission can be flexible to a situation and add additional conditions as warranted.

A new subsection (d) provides that an applicant does not have a right to an evidentiary hearing for the cancellation or conditioning of a temporary license. This is necessary to clarify that a temporary license is linked to the request for an initial license and is not itself subject to Business and Professions Code sections 19870 and 19871.

Amend Section 12201. Registration.

Section 12201 is renumbered to Section 12130 and renamed TPPPS Registration. Initially, this section represented the registration process all TPPPS applicants would go through prior to obtaining a license. This process, as provided in Chapter 2.1 provided a process much different than the licensing scheme for a Cardroom Business License and its employees. This process was developed as a short term solution when the program was initially established. This allowed for the TPPPS applicants to begin work, once registered, while the background investigation was pending. This process provided a registration that was valid for either one or two years and included its own denial and renewal provisions. A registrant could remain in this process for any number of cycles until a license was issued.

With the consolidation of the licensing regulatory requirements, the registration process is being phased out and future TPPPS applicants could request a temporary license instead. However, as the process transforms, there may be registrations that expire in a timeline that does not allow their individual approvals to be smoothly transitioned to the new processes of licensure and temporary licensure. For those applicants, a transition process is necessary as provided in Section 12150.

Subsection (a) provides two definitions for the purposes of this section. These definitions are:

1. “TPPPS registrant” is defined to mean a person having a valid TPPPS registration; and,
2. “TPPPS registration” means a registration for an owner or employee of a provider of proposition player services that was issued by the Commission prior to the effective date of this regulation.

These terms were moved and modified from Section 12200(b)(21) and (22). These terms are necessary in order to allow for the TPPPS registrations that were issued prior to the effective date of the new licensing process to continue and be referenced separately from licenses.

Subsection (b) currently provides the timeline through which unregistered TPPPS companies and employees must apply for registration. This deadline passed in 2004; and, therefore the requirement is unnecessary. It is replaced with a new requirement that TPPPS registrations that were approved prior to the effective date of this regulation shall remain in effect and that no new applications for renewal of a registration will be accepted starting six months after the effective date of the new process. This allows a period sufficient to ensure that all registrations are aware of the new process and provided the time necessary to submit an application for temporary licensure.

Subsection (c) provides that any renewal to a registration shall be for a period of one year. This is a change from current provisions, which allow for a renewal of two years for TPPPS players and TPPPS other employees. The current provision provides Commission approvals for two years but the new provision reduces the timeline to allow for the registrants to be promptly transitioned to licensure.

Subsection (d) provided for the conditions of the registration. This provision is revised to be consistent with the conditions provided for temporary licenses. This is necessary to assist in the transition from one process to another and to provide for the protections of those conditions. As the registrant will be subject to these conditions once transitioned to the new process, assuming they request and are awarded a temporary license, it is not a burden on the registrant.

Subdivision (e) provides that the standards of 19852 shall apply. Section 19852 was amended<sup>3</sup> to add subdivision (f), adding owners, officers, managers, and members of limited liability companies to the list of individuals required to obtain a state gambling license. When section 19852 was amended, corresponding changes to subsection (d) should have been made. This revision now corrects that oversight by making this provision consistent with section 19852, as amended in 2010. The last sentence has been moved to Section 12102(b) and is discussed there.

Subsection (f) provides that a request for renewal of a TPPPS registration than the provider that employs them must also be a registered or licensed to provide third-party services. The terms used in this provision have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (g) provides for how a registrant can request renewal. The registrant is required to submit a request to the Bureau within 120 days prior to the expiration of the current registration a letter requesting renewal, an Appointment of Designated Agent form and a processing fee of \$500. These requirements are consistent with what a registrant under the current program would be required to provide should they be requesting renewal. This does not necessitate a substantive change.

Subsection (h) provides the timeline for the Bureau to review the applicant for completeness and to request additional information. This timeline is consistent with the proposed process for licenses under these proposed regulations.

Subsection (i) provides that upon determination that an application is complete; the Bureau shall process it within 60 days and provide it to the Executive Director. The Executive Director will then either renew the registration or notify the application of a denial and the grounds for that denial. This is necessary to provide a clear path for approval.

Subsection (j) provides that any TPPPS registrant that has been summoned for licensure by the Bureau [current regulation Section 12205.1] shall automatically be converted to a temporary license upon the expiration of the current registration. This provision streamlines the conversion from the old processing procedures to the current processing procedures. While normal registrants would be required to request a license under the proposed provisions, those who have been summoned by the Bureau pursuant to current regulations

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<sup>3</sup> AB 293 (Mendoza, Chapter 233, Statutes of 2010)

already have their applications for license under review. Requiring these applicants to resubmit for licensure is an unnecessary process that creates a burden on the applicant of both time and expense.

Subsection (k) provides that a TPPPS registration is subject to the same requirements as an equivalent license. This is necessary to ensure that the registrant is subject to the requirements that currently apply to TPPPS registrations without having to provide a whole second set of regulations than those included for temporary licenses and will assist in the transition from the old registration program to the new temporary licensing system.

Subsection (l) provides a sunset date for this provision. The date of the first of the month, two years after the effective date of this section provides a time sufficient to ensure that there will be no registrations left before the provision is repealed.

Repeal Section 12132. Processing Times for Applications to Change Place of Employment. Section 12132 provides the timelines with which an application for a change in place of employment for a work permittee is processed. This section has been replaced by Section 12124, the necessity of which is discussed with that section.

Amend Section 12349. Interim Licenses for Continued Operation Following Qualifying Events; Criteria; Processing Time; Conditions.

Section 12349 is divided and renumbered to Sections 12132, 12134, 12136, 12138, and 12140. Section 12349 initially only applied gambling licenses; however, it has been expanded to include TPPPS owner licenses. The proposed revisions are necessary to resolve this discrepancy and provide for the business in the event of a qualifying event. The terms used in these divided sections have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Section 12132 is named Article Definitions

Subsection (a) provides that this chapter uses the definitions of subsection (b) but also the definitions of Sections 12002 and 12100 and B&P Code section 19805. This is necessary to provide clarity that this definition section applies to this article, but still works in conjunction with other applicable definition sections.

Subsection (b) includes definitions unique to this article. The proposed changes to the definitions include non-substantive changes to provide clarification and make terms consistent with other proposed changes. Additionally, changes are proposed to expand the provision to address TPPPS companies.

- Paragraph (1) provides the definition for “applicant” in the context of an interim license request. This definition is revised to provide clarification language for who is eligible to request interim license and to provide language consistent with applying the provision to TPPPS owners.

- Paragraph (2) provides the definition for “interim gambling license,” amended to be “interim gambling business license.” This definition is revised consistent with applying the provision to TPPPS owners.
- Paragraph (3) provides the definition for “new owner.” This definition is revised consistent with applying the provision to TPPPS owners.
- Paragraph (4) provides the definition for “qualifying event.” This definition is revised to provide clarification language what an eligible event is to request interim license and to provide language consistent with applying the provision to TPPPS owners.
- Paragraph (5) provides the definition for “regular gambling license,” amended to be “regular license.” This definition is revised consistent with applying the provision to TPPPS owners.

Section 12134 is named General Provisions

Subsection (b), renumbered to Subsection (a), provides that a Cardroom Business License or TPPPS Business License may continue its gambling operations following a qualifying event upon specific conditions. This provision is revised consistent with applying the provision to TPPPS owners.

Subsection (g), renumbered to Subsection (b), provides that a new owner may sell their interest without applying for a license if they notify the Bureau within 30 days. This provision is revised consistent with applying the provision to TPPPS owners.

Subsection (h), renumbered to Subsection (c), provides what the process is if the Bureau obtains evidence or information indicating that the owner of an interim gambling business license should be disqualified or has violated a condition of their licensure. This is necessary as an interim gambling business license is ultimately issued with incomplete information and the Commission requires the flexibility to reevaluate its decisions when more information becomes available. Additionally, to allow an individual who should not have a license to maintain an interim gambling business license just because information was not initially available is unreasonable and counter to the Act’s requirement to ensure that only suitable individuals participate in the conducting of a controlled game or in providing proposition player services.

Subsection (i) is renumbered subsection (d). This is a non-substantive change as the provision is not being modified.

Subsection (e) clarify that an interim gambling business license is not a right and is not subject to an evidentiary hearing for approval, denial or cancellation. This is necessary as an interim gambling business license is linked to the request for an initial license and is not what is ultimately being applied for.

Section 12136 is named Applications and Required Forms

Paragraph (1) of subsection (c) is renumbered to subsection (a). This provision is non-substantively changed to make it consistent with other proposed changes.

- Subparagraph (A) is renumbered to paragraph (1). This provision is non-substantively changed to make it consistent with other proposed changes.
- Subparagraph (B) is renumbered to paragraph (2). This provision is non-substantively changed to make it consistent with other proposed changes.
- Subparagraph (C) is renumbered to paragraph (3). This provision is non-substantively changed to make it consistent with other proposed changes.
  - Clause 1. is renumbered to subparagraph (A). This provision is non-substantively changed to make it consistent with other proposed changes.
  - Clause 2. is renumbered to subparagraph (B). This provision is non-substantively changed to make it consistent with other proposed changes.
  - Clause 3. is renumbered to subparagraph (C). This provision is non-substantively changed to make it consistent with other proposed changes.

Subsection (c) would create a procedure where an interim gambling business license could be renewed. This could be required to ensure that a Cardroom Business License remain open should for some reason the Commission be unable issue a gambling business license if the application process will not be concluded by the expiration date of the interim gambling business license. Currently the Commission is acting to delay an interim gambling business license's expiration through an informal process. These provisions solidify and make clear this process.

Subsection (d) would provide clarity for what would happen if the proper timelines for establishing an interim gambling business license are not followed. A Cardroom Business License is required to have either an owner or key employee authorized to operate the business and this provision provides the necessary clarity of what should happen if such is not done.

Section 12138 is named Criteria

Subsection (d) is renumbered to subsection (a). This provision provides the processing timelines for the application. This provision is revised consistent with applying the provision to TPPPS owners. Additionally, a new timeline of 40 days is provided for the Bureau's review. This period is within the currently existing 60 calendar day period provided for the Commission to approve. The limitation to the Bureau's review of 40 days ensures that the Commission will have the minimum time necessary to receive the Bureau's report and follow all necessary requirements to notice and consider the application.

Subsection (e) is renumbered to subsection (b). This provision provides review limitations to the interim gambling business license. This provision is revised consistent with applying the provision to TPPPS owners. Additionally, paragraph (2) is repealed as it is duplicative of proposed subsection (g) of Section 12015.

Section 12140 is named Conditions

Subsection (f) is unnumbered and its paragraphs renumbered to subsections. This section provides conditions that are automatically applied to each interim gambling business license. This provision is revised consistent with applying the provision to TPPPS owners and making section references consistent with other proposed changes.

Paragraph (2) is renumbered to subsection (b) and provides that the term of an interim gambling business license is determined by the Commission. This provision is revised to limit the term to no more than two years. This term is consistent with the time periods of all of the other licenses issued by the Commission. Additionally, this provision is modified to allow for the Commission to issue a renewal interim gambling business license if the application process will not be concluded by the expiration date of the interim gambling business license.

Paragraph (6) is renumbered to subsection (f). This provision is revised to provide require that a key employee licensee or TPPPS supervisor licensee must be in control and oversee operations at all times. An interim gambling business license is required to designate an individual who is licensed as a key employee or TPPPS supervisor to act in their stead while their licensing application is reviewed. Practically, subsection (f) requires that should that designated key employee or TPPPS supervisor change, notification must be provided to the Bureau. Therefore, to clarify the purpose of the provision, it is necessary to add the proposed clarifying language.

Amend Section 12347. State Gambling License; Surrender; Abandonment.

Section 12347 is moved to Section 12142 and retitled “Cardroom Business License; Surrender; Abonnement.” The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12348. State Gambling Licenses: Prior Surrender or Abandonment.

Section 12348 is moved to Section 12144 and retitled “Cardroom Business License; Prior Surrender or Abonnement.” The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

The proposed changes in Chapter 2.1 are as follows:

Repeal Section 12200. Definitions.

Section 12200 provides definitions for Chapter 2.1. As part of the consolidation, these definitions have been removed from this chapter; either being repealed or moved to another chapter.

Paragraph (1) of subsection (b) provides a definition for “additional badge.” This definition worked in conjunction with another provision to allow a holder of a registration or license to acquire another badge to allow them to work for more than one company but with only one approval. The proposed changes to the badge and portability of a license make this function obsolete; therefore, this definition is no longer necessary and is repealed.

Paragraph (2) of subsection (b) provides a definition for “applicant.” This definition is a focusing of the definition that is included as subdivision (b) of B&P Code section 19805. With the consolidation of the licensing procedures a focused definition of this type is no longer necessary and is therefore repealed.

Paragraph (3) of subsection (b) provides a definition for “authorized player.” This definition is moved to Section 12250(b)(2). This definition is modified to be consistent with other changes to the provisions. These changes are non-substantive, editorial changes without regulator effect. Additionally, language is modified to clarify that it is the licensee who is being authorized, not their badge. The badge is a representation of Commission approval and does not actually authorize an individual to act in any manner.

Paragraph (4) of subsection (b) provides a definition for “badge.” This definition worked in conjunction with another provision to provide a holder of a registration or license with a badge. The proposed changes to Section 12106 make this definition unnecessary and it is therefore repealed.

Paragraphs (5) through (9) and (11) contain no regulatory provisions and their repeal is a non-substantive change.

Paragraph (10) of subsection (b) provides the definition of “funding source.” This definition has been moved to the general provisions of Section 12002 and changed to “TPPPS funding source.” Any proposed changes to the definition are discussed there.

Paragraph (12) of subsection (b) provides a definition for “license.” This definition has been moved to the general provisions of Section 12002 and changed to “TPPPS license.” Any proposed changes to the definition are discussed there. Subparagraph (D) has been repealed as it is duplicative of the requirements of Section 12290(b).

Paragraph (13) of subsection (b) provides the definition for “licensee.” This definition is unnecessary and redundant to the definition for “licensee” already provided for in Section 12002 and is therefore repealed.

Paragraph (14) of subsection (b) provides a definition for “organization chart.” This definition worked in conjunction with another provision to provide for the TPPPS annual fee; however, the calculation method of the TPPPS annual fee is proposed to be changed. Therefore, the organization chart and the associated provision are unnecessary and are repealed. Additionally, any function this organization chart served for determining who should be licensed is repetitive of requirements provided for with the proposed licensing process and forms.

Paragraph (15) of subsection (b) provides a definition for “other employee.” This definition has been moved to the general provisions of Section 12002 and changed to “TPPPS other employee.” Any proposed changes to the definition are discussed there.

Paragraph (16) of subsection (b) provides a definition for “owner.” This definition has been moved to the general provisions of Section 12002 and changed to “TPPPS owner.” Any proposed changes to the definition are discussed there.

Paragraph (17) of subsection (b) provides a definition for “primary owner.” This definition has been moved to the general provisions of Section 12002 and changed to “TPPPS Business License.” Any proposed changes to the definition are discussed there.

Paragraph (18) of subsection (b) provides a definition for “proposition player.” This definition has been moved to the general provisions of Section 12002 and changed to “TPPPS player.” Any proposed changes to the definition are discussed there.

Paragraph (19) of subsection (b) provides a definition for “proposition player contract.” This definition has been moved to Section 12002(an). The term is changed to “TPPPS contract” as this makes the definition consistent with other changes to the provisions. These changes are non-substantive, editorial changes without regulator effect.

Paragraph (20) of subsection (b) provides a definition of “rebate.” This definition has been moved to Section 12250(b)(13). The term “proposition player” is changed to “TPPPS player” within the definition as this makes the definition consistent with other changes to the provisions. These changes are non-substantive, editorial changes without regulator effect.

Paragraph (21) of subsection (b) provides a definition for “registrant.” This definition works in conjunction with the TPPPS registration process, a process that is being repealed. Without the TPPPS registration process, this definition is unnecessary and is therefore repealed.

Paragraph (22) of subsection (b) provides a definition for “registration.” This definition works in conjunction with the TPPPS registration process, a process that is being repealed. Without the TPPPS registration process, this definition is unnecessary and is therefore repealed.

Paragraph (23) of subsection (b) provides a definition for “reinstatement badge.” This definition worked in conjunction with another provision to allow a licensed or registered employee to resume work after it has ceased. The proposed changes to the badge and portability of a license make this function obsolete so this definition is no longer necessary and is therefore repealed.

Paragraph (24) of subsection (b) provides a definition for “supervisor.” This definition has been moved to Section 12002(ai)(3) and renamed “TPPPS Supervisor.” Any changes to this definition are discussed in Section 12002.

Paragraph (25) of subsection (b) provides a definition for “supplemental information package.” This definition provides for information that relates to application requirements for TPPPS owners and employees. This information has been integrated into Section 12112 and onto the Application for Employee License and Application for Gambling Business License forms.

Paragraph (26) of subsection (b) provides a definition for “supervisor.” This definition has been moved to the general provisions of Section 12002 and changed to “TPPPS supervisor.” Any proposed changes to the definition are discussed there.

Paragraph (27) of subsection (b) provides a definition for “supplemental information package.” This definition worked in conjunction with the application process of Chapter 2.1. This process has been combined with new provisions of Chapter 2, including this process. Without the existing application process this definition is unnecessary and is therefore repealed.

Paragraph (28) of subsection (b) provides a definition for “third-party proposition player services.” There is already a definition for this term in Section 12002, so this definition has been merged to make one consistent definition.

Paragraph (29) of subsection (b) provides a definition for “TPP.” This term is obsolete and unnecessary and has therefore been repealed.

Paragraph (30) of subsection (b) provides a definition for “transfer badge.” This definition worked in conjunction with another provision to allow a licensed or registered employee to change their place of employment. The proposed changes to the badge and portability of a license make this function obsolete so this definition is no longer necessary and is therefore repealed.

#### Repeal Section 12200.3. Badges.

Section 12200.3 provides the specifics of the badge that is required to be worn by every licensed or registered individual. This section is combined and merged with Section 12353 into Section 12106. The specifics and necessity of the Section 12106 is discussed under that section.

Repeal Section 12200.5. Replacement of Badge.

Section 12200.5 provides the specifics of replacing a badge. This section is combined and merged into Section 12108. The specifics and necessity of Section 12108 is discussed under that section.

Repeal Section 12200.6. Transfer or Reinstatement of Player Registration or License, Issuance of Additional Badge.

Section 12200.6 provides processes for changing employment status. This process has been incorporated into Section 12124, and made consistent with the other licensing processes. The necessity of this and the specifics of the new process are covered under Section 12124.

Repeal Section 12200.10C. Submission of Contract or Amendment to Commission.

Section 12200.10C is provides that the Bureau must provide the Commission an opportunity to review a TPPPS contract or amendment to an existing contract. This section is repealed. The Bureau and Commission share a common database where contracts and amendment to contracts are uploaded. Due to this, the Commission already has access to these documents without the need for the Bureau to provide a separate notification.

Repeal Section 12200.14. Organization Chart and Employee Report.

Section 12200.14 requires the production and submittal of charts that provide both the ownership structure of the TPPPS Business License and the organization of employees. The ownership information assisted the Bureau and Commission in determining that all proper individuals and entities were licensed while the organization of employees assisted in verifying that the proper annual fees were provided.

Subsection (a) provided for the submittal of information related to the organization of the TPPPS Business License. This information has been incorporated into the licensing forms; therefore, the removal of this report is non-substantive.

Subsection (b) requires the submittal of information related to the number of employees. This information is no longer necessary as the calculations for the TPPPS annual fee have been revised to no longer require information related to the number of employees; therefore, the removal of this report is non-substantive.

Subsection (c) provides that the TPPPS Business License must notify the Bureau within ten days of any change to its ownership structure. This provision is moved to Section 12200.15 without change.

Repeal Section 12200.18. Revocation.

Section 12200.18 provides provisions that the Commission with specific grounds for which a license or registration may be revoked following the same procedures of a gambling establishment license. Many of the provisions have been moved to Section 12560, which is a non-substantive change that consolidates disciplinary procedures.

Subsection (e) provides that a licensee failing to comply with Section 12200.14 qualifies as an offense. This provision is repealed in conjunction with the repeal of Section 12200.14.

Subsection (g) provides that a licensee may have their license revoked if they commit or attempt or conspire to commit any embezzlement or larceny. The provision then goes on to provide qualifications for those acts, limiting them to being against a gambling licensee or TPPPS registrant or when on the premises of a gambling establishment. These limitations are inconsistent and are removed.

Repeal Section 12202. Application for Registration.

Section 12202 provides for the application process for requesting a TPPPS registration. This process is repealed as the TPPPS licensing process has been incorporated and made consistent with the other licensing processes which issue temporary licenses instead of a registration process.

Repeal Section 12203. Processing of Applications for Initial Registration.

Section 12203 provides for the application processing requirements for a TPPPS registration. This process is repealed as the TPPPS licensing process has been incorporated and made consistent with the other licensing processes which issue temporary licenses instead of a registration process.

Repeal Section 12203A. Processing of Applications for Renewal of Registration.

Section 12203A provides for the application process for requesting a renewal to a TPPPS registration. This process is repealed as the TPPPS licensing process has been incorporated and made consistent with the other licensing processes which issue temporary licenses instead of a registration process.

Repeal Section 12203.1. Temporary Player Registration.

Section 12203.1 provides for the application process for requesting a temporary TPPPS registration to a TPPPS registration. This process is repealed as the TPPPS licensing process has been incorporated and made consistent with the other licensing processes which issue temporary licenses instead of a registration process.

Repeal Section 12203.2. Temporary Player Registration: Application; Criteria.

Section 12203.2 provides for the application process for requesting a temporary TPPPS registration to a TPPPS registration. This process is repealed as the TPPPS licensing process has been incorporated and made consistent with the other licensing processes which issue temporary licenses instead of a registration process.

Repeal Section 12203.3. Processing Times for Temporary Player Registration.

Section 12203.3 provides for the application process for requesting a temporary TPPPS registration to a TPPPS registration. This process is repealed as the TPPPS licensing process has been incorporated and made consistent with the other licensing processes which issue temporary licenses instead of a registration process.

Repeal Section 12203.5. Cancellation of Temporary Registration.

Section 12203.5 provides for the cancellation process for requesting a temporary TPPPS registration to a TPPPS registration. This process is repealed as the TPPPS licensing process has been incorporated and made consistent with the other licensing processes which issue temporary licenses instead of a registration process.

Repeal Section 12204. Ineligibility for Registration.

Section 12204 provides for the ineligible requirements for requesting a TPPPS registration. This process is repealed as the TPPPS licensing process has been incorporated and made consistent with the other licensing processes which issue temporary licenses instead of a registration process.

Repeal Section 12205. Cancellation of Regular Registration.

Section 12205 provides for the cancellation of a TPPPS registration. This process is repealed as the TPPPS licensing process has been incorporated and made consistent with the other licensing processes which issue temporary licenses instead of a registration process.

Repeal Section 12205.1. Transition to Licensing.

Section 12205.1 provides for the transferring a TPPPS registrant to a TPPPS licensing. This process is repealed as the TPPPS licensing process has been incorporated and made consistent with the other licensing processes which issue temporary licenses instead of a registration process.

Repeal Section 12218. Request to Convert Registration to License.

Section 12218 provides for the transferring a TPPPS registrant to a TPPPS licensing. This process is repealed as the TPPPS licensing process has been incorporated and made consistent with the other licensing processes which issue temporary licenses instead of a registration process.

Repeal Section 12218.1. Subsequent Registrants.

Section 12218.1 provides for the subsequent TPPPS registrants after the transition to TPPPS licensing. This process is repealed as the TPPPS licensing process has been incorporated and made consistent with the other licensing processes which issue temporary licenses instead of a registration process.

Repeal Section 12218.7. Processing Times – Request to Convert Registration to License.

Section 12218.7 provides for the transferring a TPPPS registrant to a TPPPS licensing. This process is repealed as the TPPPS licensing process has been incorporated and made consistent with the other licensing processes which issue temporary licenses instead of a registration process.

Repeal Section 12218.8. License Renewals.

Section 12218.8 provides for renewals for a TPPPS licensing. This process has been incorporated into Section 12124 and made consistent with the other licensing processes. The necessity of this and the specifics of the new process are covered under Section 12124.

Repeal Section 12218.9. Processing of Applications for Renewal License.

Section 12218.9 provides for renewals for a TPPPS licensing. This process has been incorporated into Section 12124 and made consistent with the other licensing processes. The necessity of this and the specifics of the new process are covered under Section 12124.

Repeal Section 12218.11. Ineligibility for Licensing.

Section 12218.11 provides for ineligibility for a TPPPS license. These provisions have been incorporated into Section 12040 and made consistent with the other licensing processes. The necessity of this and the specifics of the new process are covered under Section 12040.

Repeal Section 12218.13. Term of License.

Section 12218.13 provides that a license is issued for a two year period. This provision has been incorporated into Section 12102 and made consistent with the other licensing processes. This is a non-substantive, editorial change without regulatory effect.

The proposed changes in Chapter 2.2 are as follows:

This Chapter is proposed to be repealed. Prior to the adoption of B&P Code section 19984, individuals or an organization of individuals, were providing proposition player services to Cardroom Business Licenses. With the adoption of B&P Code section 19984, the Legislature required that the Commission require the licensure of any person or entity that provided proposition player services, and the approval of their contracts with the Cardroom Business License. This requirement was reflected in the approval of Chapter 2.1. At the time the original regulations were contemplated, a need was seen to allow for and regulate entities that provided proposition player services in a Cardroom Business License without a contract. This Chapter provides these requirements.

Due to the nature of the marketplace, the original presumed the need to allow for and regulate gambling businesses has proven to be incorrect. At the sunset of the program, only a single gambling business is either registered or licensed. The company holding this single license also holds a TPPPS license, and through the TPPPS license conducts all of its business and hires all of its employees. Under the gambling business there are no registered or licensed employees, meaning that the gambling business is not actually conducting any businesses.

This ultimately means that there is no gambling business operating under this program; therefore, there is no necessity for the program to exist. Without the continued necessity of the program, it should be repealed.

The proposed changes in Chapter 3 are as follows:

Amend Section 12250. Definitions.

Section 12250 provides definitions for the chapter that provides conditions of operations for TPPPS companies. This section is amended to reflect other changes to defined terms and the

repeal of Chapter 2.2 related to gambling businesses. Two definitions are moved from Section 12200 and other provisions have been renumbered accordingly. The specifics of those definitions are discussed in Section 12200.

Amend Section 12200.20. Annual Fee.

Section 12200.20 is renumbered to Section 12252 and renamed TPPPS Annual Fee. This section provides for the annual fee that each TPPPS Business License is required to pay to the Bureau every year. While maintaining the existing fee structure, this section has been modified to remove unnecessary language and to provide clarity. Finally, this section has been modified to reflect current processes.

Subsection (a) provide that every September 1, each TPPPS Business License is required to submit to the Bureau an annual fee based upon the number of owners and employees with the company on the immediately preceding August 1. The language of this provision is modified to reflect other changes in regulation, such as the term primary owner being replaced by TPPPS Business License and the removal of the registration process. These changes are non-substantive, editorial changes for consistency. Additionally, the second sentence of the provision is repealed. This sentence provided an unnecessary restatement of the first sentence.

Subsection (b) provided that when a licensee is converted from a registration to a license, the Bureau shall inform the registrant of any additional fees due. As part of this regulatory amendment, the registration process, and the conversion process are being repealed. Therefore, to be consistent, this provision is also repealed.

Subsection (c), renumbered (b), provides for the fee schedule based upon the number of associated owners and employees. This subsection includes three fee schedules that are linked to the year of payment. As two of the three payment schedules are no longer in effect, they are repealed. This is non-substantive, editorial change without regulatory effect. As such, current paragraph (3) is renumbered to be the subsection.

- In addition to repeal of the outdated fee schedule, paragraph (1) included a provision for an overpayment of annual fees, allowing a TPPPS Business License to apply them as credit to the following year's annual fee obligation. This provision is no longer necessary as the process does not allow for the overpayment of annual fees. Any annual fees provided in excess of the appropriate fees are handled upon submittal.
- Paragraph (3) is amended to reflect other changes in regulation, such as the term primary owner being replaced by TPPPS Business License and the removal of the registration process. These changes are non-substantive, editorial changes for consistency.

Subsection (d), renumbered (c), provides that a TPPPS Business License may elect to pay its annual fees in installment payments. Current regulation allows for two schedules, the first [paragraph (1)] based upon the required September 1 payment date. The second [paragraph

(2)] is based upon the expiration date of the license. The payment schedule provided in paragraph (2) is inconsistent with the requirements of subsection (a); therefore, is repealed with paragraph (1) being renumbered to subsection (c). This is a non-substantive change, as due to the inconsistency, the payment scheduled allowed for in this subsection is not utilized for otherwise the payment would be inconsistent with subsection (a).

Subsection (e), renumbered (d), provides that should a TPPPS Business License reduce the number of associated owners or employees after the August 1 annual fee determination period, the annual fees due are not likewise reduced. The language of this provision is modified to reflect other changes in regulation, such as the removal of the registration process. This is a non-substantive, editorial change without regulatory effect.

Subsection (f), renumbered (e), provides for the determination and payment of TPPPS annual fees in cases where the TPPPS Business License either increases the number of associated owners and employees after the August 1 determination date or was not in operation on August 1.

- Paragraph (1) provides that when a TPPPS Business License increases the number of associated owners and employees, the TPPPS Business License is responsible to provide to the Bureau the fees for that new owner or employee. The language of this provision is modified to reflect other changes in regulation, such as the term primary owner being replaced by TPPPS Business License and the removal of the registration process. These changes are non-substantive, editorial changes for consistency.

Additionally, the current provision requires that the payment be due upon the submittal of the individual's application fee. This provision presumes that an individual is required to reapply, and to receive a new badge upon employment. As part of this proposed regulatory amendment, licenses are being changed to portability format. This means that an individual beginning employment may not necessarily be applying for a license and therefore linking the payment of the annual fees to this timeline does not work. The regulation is amended to require payment to be paid within 30 days of the employment or ownership. This provides a relatively equivalent timeline, but also one that is verifiable by the Bureau as employment would be noticed either by an application for a TPPPS employee license or change in employment status and a change in the ownership structure is a transaction that must be approved by the Commission.

Finally, the new badge will no longer be withheld. The application for licensure is based upon the suitability of the applicant and not the status of the TPPPS Business License and an individual's determination should not be withheld. The regulation already includes sufficient limitations on a TPPPS Business License for delinquent annual fees that a TPPPS Business License will be inclined to provide timely payment.

- New Paragraph (2) would provide that when a TPPPS Business License is first issued its TPPPS Business License license, either as an initial license or as a temporary license, the TPPPS Business License is responsible to pay its annual fees prior to the issuance of its TPPPS certificate. This provision provides clarity for how a TPPPS Business License that may not have existed on the August 1 determination date is to pay its annual fees. Current practice is to require the payment of the TPPPS annual fees upon the issuance of the registration though it is not reflected in regulation. This provision codifies current practice and provides clarity and consistency to the process.
- Current Paragraph (4), renumbered (3), provides that like the standard annual fees determined in subsection (a), these prorated annual fees may also be paid through an installment process. The current requirement is that the first payment be made upon the submittal of the application fee. This presumes that an individual is required to apply upon starting. As explained in paragraph (1), this is no longer the case and therefore the regulation is revised to reflect the new portability structure. Additionally, the current wording would not allow for the situation where a new TPPPS Business License has been approved. The provision is revised to require payment when the request for installment is made. This provision also falls under the broader requirements of paragraphs (1) and (2). This change provides for clarity in the process and consistency with the new licensing structure while still providing the TPPPS Business License with the flexibility to pay their fees over the year.

Subsection (g), renumbered (f), provides that a TPPPS Business License's license will not be renewed by the Commission if the TPPPS Business License is delinquent on its annual fees. This section is revised to include clarifying language without regulatory effect.

Subsection (h), renumbered (g), provides that a TPPPS Business License that is delinquent on its annual fee payments will not have a contract extended until any delinquent fees are paid in full. The current provision is limited and can be circumvented through the contract approval process (by applying for a new contract with the same Cardroom Business License instead of an extension of the current contract). Additionally, if a TPPPS Business License is out of compliance with regulations its operation is invalid and therefore it should not be allowed any contracts.

Amend Section 12200.17. Emergency Orders.

This section is renumbered to Section 12254. This section provides that registrants and licensees shall be subject to emergency orders from B&P Code section 19931. This section is revised to be consistent with other proposed changes; however, all the changes are non-substantive with no regulatory effect.

Amend Section 12200.15. Transfer and Sales.

This section is renumbered to Section 12256. This provides guidelines and requirements for the transfer or sale of ownership interest in a TPPPS Business License. This section is revised to include a provision being moved from Section 12200.14 [new subsection (d)]. Additionally, this section is amended to reflect other changes to defined terms. All of the

changes in this section are non-substantive, editorial changes for consistency and are without regulatory effect.

Amend Section 12260. General Provisions.

Section 12260 provides general provisions and requirements related to the operation of a playing book. This section is amended to reflect other changes to defined terms and the repeal of Chapter 2.2 related to gambling businesses. All of the changes in this section are non-substantive, editorial changes for consistency and are without regulatory effect.

Amend Section 12261. Review of Playing Book Forms.

Section 12261 provides the review process for playing book approval. This section is amended to reflect other changes to defined terms and the repeal of Chapter 2.2 related to gambling businesses. All of the changes in this section are non-substantive, editorial changes for consistency and are without regulatory effect.

Amend Section 12263. Electronic Playing Book Database Requirements.

Section 12263 provides requirements for electronic playing book databases. This section is amended to reflect other changes to defined terms and the repeal of Chapter 2.2 related to gambling businesses. All of the changes in this section are non-substantive, editorial changes for consistency and are without regulatory effect.

Amend Section 12264. Review and Certification of Electronic Playing Book Systems.

Section 12264 provides the application and review process for Electronic Playing Book Systems. The terms used in this section and the attached form have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12200.7. Proposition Player Contract Criteria.

This section is renumbered to Section 12270 and renamed to TPPPS Contracts Criteria. This section provides for the contract criteria between a Cardroom Business License and a TPPPS Business License to allow for the provision of third-party services. This section is amended to reflect other changes to defined terms. All of the changes in this section are non-substantive, editorial changes for consistency and are without regulatory effect.

Amend Section 12200.9. Review and Approval of Proposition Player Contracts.

This section is renumbered to Section 12272 and is renamed to Review and Approval of TPPPS Contracts. This section provides for the review and approval process conducted by the Bureau. This section is amended to reflect other changes to defined terms. All of the changes in this section are non-substantive, editorial changes for consistency and are without regulatory effect.

Amend Section 12200.10A. Expedited Review and Approval of Proposition Player Contracts.

This section is renumbered to Section 12274 and renamed to Expedited Review and Approval of TPPPS Contracts. This section provides for the expedited review and approval

process conducted by the Bureau. This section is amended to reflect other changes to defined terms. All of the changes in this section are non-substantive, editorial changes for consistency and are without regulatory effect.

Amend Section 12200.10B. Review and Approval of Amendments to Proposition Player Contracts.

This section is renumbered to Section 12276 and is renamed to Review and Approval of Amendments to TPPPS Contracts. This section provides for the review and approval process conducted by the Bureau to amend an already approved contract. This section is amended to reflect other changes to defined terms. All of the changes in this section are non-substantive, editorial changes for consistency and are without regulatory effect.

Amend Section 12200.11. Extension of Proposition Player Contracts.

This section is renumbered to Section 12278 and is renamed to Extension of TPPPS Contracts. This section provides that a contract may be extended. This section is amended to reflect other changes to defined terms. All of the changes in this section are non-substantive, editorial changes for consistency and are without regulatory effect.

Amend Section 12287. Loss Notification.

Section 12287 provides requirements for written procedures related to notifying the Bureau as specified. This section is amended to reflect the repeal of Chapter 2.2 related to gambling businesses. All of the changes in this section are non-substantive, editorial changes for consistency and are without regulatory effect.

Amend Section 12290. Compliance.

Section 12290 provides requirements a TPPPS Business License and its employees must follow. This section is amended to reflect other changes to defined terms and the repeal of Chapter 2.2 related to gambling businesses. These changes in this section are non-substantive, editorial changes for consistency and are without regulatory effect.

The proposed changes in Chapter 4 are as follows:

Amend Section 12301. Registration of Manufacturers or Distributors.

This section is revised to be consistent with other proposed changes; however, all the changes are non-substantive with no regulatory effect.

Amend Section 12309. Forms.

This section is renamed Forms; Fees. This section is revised to be consistent with the renumber of Section 12008 to 12108; however, all the changes are non-substantive with no regulatory effect. In addition, the forms are moved to the appendix instead of incorporated by reference. This is done to be consistent with other chapters. The forms are not otherwise modified.

The proposed changes in Chapter 5 are as follows:

Amend Section 12311. Definitions.

This section provides the definitions for use in Chapter 5. Included in these definitions is the creation of sub-groups of licenses by reported gross revenue. These definitions are revised from referring to licensees to specifically addressing cardroom business licensees and TPPPS business licensees. The intent of the regulation is to provide a requirement to the operators not to all licensees (which also includes Key Employees, TPPPS supervisor, TPPPS players, and TPPPS other employees). This amendment of the terms clarifies that the accounting requirements apply to only the operators and not other licensees.

Amend Section 12312. Record Retention and Maintenance; General Provisions.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12313. Financial Statements and Reporting Requirements.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12315. Records and Reports of Monetary Instrument Transactions for Cardroom Business Licenses.

This section is renamed to Records and Reports of Monetary Instrument Transactions for cardroom business licensees. The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12316. Unclaimed or Abandoned Property.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

The proposed changes in Chapter 6 are as follows:

Repeal Section 12335. Definitions.

Section 12335 provides two definitions for Chapter 6. As part of the consolidation of licensing processes this chapter has been repealed.

Paragraph (1) of subsection (b) provides a definition for “annual fee.” This definition ties the term annual fee to specific fee in the Act. That definition may have been necessary when gambling licenses were isolated to their own chapter, but when combined with the provisions in other licensing chapters it does not. Chapter 2.1 provides for TPPPS annual fees, which are not a derivative of the section of the Act reference by this definition. In order to remedy

this inconsistency, this definition has been repealed and the usage of annual fee for gambling licenses has been changed to gambling establishment annual fee in order to not be confused with TPPPS annual fee.

Paragraph (2) of subsection (b) provides a definition for “portable personal key employee license” or “key employee license.” The usage of portable personal key employee license has been removed from the definition, and the definition has been moved to Section 12002. This is both consistent with the combination of licensing provisions but also in the general usage of these regulations. Other chapters currently make reference to a key employee license, but the definition has been incorrectly limited to only Chapter 6. By moving the definition to general provisions instead of the new chapter’s specific provisions any possible inconsistency is resolved.

Repeal Section 12340. Gambling Licenses.

Section 12340 provides general conditions of a gambling license. As part of the consolidation of licensing processes this chapter has been repealed.

Subsection (a) provides that no person may conduct a gambling operation without a valid gambling license. This provision is redundant of many of the basic requirements of the Act and was therefore unnecessarily included in regulations. Due to its duplicative nature, it has been repealed.

Subsection (b) provides that a gambling license is valid for two years. This provision has been maintained in Section 12102.

Repeal Section 12341. Fee for Initial State Gambling License.

Section 12341 provides a fee that is required for initial gambling licenses. This fee has been moved to the Application for Gambling Business License form so that this section can be repealed as part of the general consolidation of licensing processes.

Subsection (a) provides that the fee required pursuant to B&P Code section 19951(b)(2)(A). This fee is provided in six paragraphs, but is actually a direct placement of the schedule provided in subdivision (c) of B&P Code section 19951 into regulation. This repeating of statute is unnecessary and when moved to Section 12108, the provision is revised to instead reference subdivision (c).

Subsection (b) provides that the fee applies to two groups of applicants:

1. Paragraph (1) provides that the fee applies to the initial issuance of a provisional license. This provision is an unnecessary repeating of B&P Code section 19951(b)(2)(C); therefore, its repeal is a non-substantive change without regulatory effect.
2. Paragraph (2) provides that the fee applies to when an entire Cardroom Business License is being purchased, or essentially when a new gambling business licensee is

applying for a gambling license. This requirement has been maintained in the new language by requiring that the fee be paid by gambling business licensees.

Subsection(c) provides that the fee does not apply to two groups of applicants:

1. Paragraph (1) provides that the fee does not apply to an applicant if the reason that application is being resubmitted is due to an internal restructuring without the underlying ownership actually changing. This means that, for example, if a partnership was converted to a corporation but the endorsed owners stay the same, the fee will not be required. This exclusion has been maintained in the new language by requiring that the fee be not be paid by these types of gambling business licensees.
2. Paragraph (2) provides that the fee does not apply to an applicant who is acquiring interest in a currently licensed gambling establishment. This exclusion is maintained in the new language by limiting the required payment to just initial gambling business licensees and not all initial gambling licenses.

Repeal Section 12346. Mandatory and Discretionary Grounds for Denial of Application for a Gambling License.

Section 12346 provides for a completion of mandatory and discretionary grounds for denial. As part of the consolidation of licensing procedures, this section has been combined into Section 12040.

Subsection (a) provides for situations where a gambling license shall be denied.

1. Paragraph (1) provides a general requirement that an applicant be denied if found to be ineligible for any criteria found in the Act or other applicable law. This provision is a general statement without any specificity and has not been directly maintained in Section 12040. Instead subsection (a) of Section 12040 provides for specific citations to provisions of the Act that would be covered under this provision.
2. Paragraph (2) provides that if a local ordinance does not conform to B&P Code section 19860 than the application shall be denied. This has been maintained in subsection (c) of Section 12040 with only non-substantive changes.

Subsection (b) provides for situations where a gambling license may be denied.

1. Paragraph (1) provides for situations involving subdivision (a) of B&P Code section 19862. This has been maintained as subsection (e) of Section 12040.
2. Paragraph (2) provides that an application that has attempted to or communicated in an *ex parte* fashion may be denied. This is repetitious of paragraph (2) of subsection (f) of Section 12012 which provides the procedures for *ex parte* communications and penalties for violations. As this provision is unnecessary it has been repealed.

3. Paragraph (3) provides examples of possible items that could fall under B&P Code section 19856. This list provides no actual regulatory effect and so is repealed.
4. Paragraph (4) provides examples of possible items that could fall under B&P Code section 19857. This list provides no actual regulatory effect and so is repealed.

Subsection (c) provides that these standards apply to the revocation of an existing license as well as for the denial. This provision provides the same repeal authority as paragraph (1) of subsection (d) of Section 12554. Because the provision is repetitious it is unnecessary; and, therefore repealed.

Repeal Section 12350. Initial Licenses; Required Forms; Processing Times.

Section 12350 provides for the licensure process for requesting an initial key employee license. This process has been incorporated into Section 12120 and made consistent with the other licensing processes. The necessity of this and the specifics of the new process are covered under Section 12120.

Repeal Section 12351. License Renewals; Required Forms; Processing Times.

Section 12351 provides for the licensure process for requesting a renewal key employee license. This process has been incorporated into Section 12124 and made consistent with the other licensing processes. The necessity of this and the specifics of the new process are covered under Section 12124.

Repeal Section 12352. Employment Status Notification; Replacement License; Required Forms; Processing Times.

Section 12352 provides processes for changing employment status or requesting a new badge. This process has been incorporated into Sections 12108 and 12124, and made consistent with the other licensing processes. The necessity of this and the specifics of the new process are covered under Sections 12108 and 12124.

Repeal Section 12354. Interim Key Employee Licenses; Processing Times.

Section 12354 provides for the licensure process for requesting an interim key employee license (renamed temporary key employee license). This process has been incorporated into Sections 12122 and 12126, and made consistent with the other licensing processes. The necessity of this and the specifics of the new process are covered under Sections 12122 and 12126.

Repeal Section 12355. Mandatory and Discretionary Grounds for Denial of Applications for a Key Employee License.

Section 12355 provides for a completion of mandatory and discretionary grounds for denial. As part of the consolidation of licensing procedures, this section has been combined into Section 12040.

Subsection (a) provides for situations where a key employee license shall be denied.

1. Paragraph (1) provides a general requirement that an applicant be denied if found to be ineligible for any criteria found in the Act or other applicable law. This provision is a general statement without any specificity and has not been directly maintained in Section 12040. Instead subsection (a) of Section 12040 provides for specific citations to provisions of the Act that would be covered under this provision.

Subsection (b) provides for situations where a key employee license may be denied.

1. Paragraph (2) provides that an application that has attempted to or communicated in an *ex parte* fashion may be denied. This is repetitious of paragraph (2) of subsection (f) of Section 12012 which provides the procedures for *ex parte* communications and penalties for violations. As this provision is unnecessary it has been repealed.
2. Paragraph (3) provides examples of possible items that could fall under B&P Code section 19856. This list provides no actual regulatory effect and so is repealed.
3. Paragraph (4) provides examples of possible items that could fall under B&P Code section 19857. This list provides not actual regulatory effect and so is repealed.

Subsection (c) provides that these standards apply to the revocation of an existing license as well as for the denial. This provision provides the same repeal authority as paragraph (1) of subsection (d) of Section 12554. Because the provision is repetitious it is unnecessary; therefore, is repealed.

The proposed changes in Chapter 7 are as follows:

Amend Section 12360. Chapter Definitions.

Section 12360 provides definitions to terms only used in Chapter 7. As explained in the descriptive text of Section 12002, the definition of gaming activity is being moved and the remaining references renumbered accordingly. The necessity for this is explained in the description of Section 12002. Additionally, the unreferenced text is re-designated subsection (a) with the last sentence being designated subsection (b) and all definitions renumbered to paragraphs under subsection (b).

Subsection (h) provided a limitation to the term “Licensee” as used in Chapter 7 to only refer to a cardroom business licensee. This definition is repealed and the references to licensee have been amended to be cardroom business licensee, as is consistent with the aforementioned change to the definitions in Section 12002. This is a non-substantive change.

Amend Section 12362. Statewide Involuntary Exclusion list.

The terms used in this section and attached form have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12364. Relocation of Gambling Establishment.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12357. Annual Fee.

Section 12357 is renumbered to Section 12368 and Cardroom Business License Annual Fee. This section and associated form provide for the payment of the annual fee required by Business and Professions Code section 19951, subdivision (b), paragraph (2), subparagraph (B).

The terms used in this section and attached form have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (a) provides the calculation method of the annual fee, consistent with Business and Professions Code section 19951. This provision also provides that payment in full is due no later than 120 days following the end of the previous year's fiscal year. Clarifying changes have been made to reflect current practice and to clarify the use of terms. These changes are non-substantive. In addition a reference is added to new subsection (b).

Subsection (b) provides a new payment method, using the calculation from subsection (a). Specifically, this provides for an installment payment method consistent with the requirements of Business and Professions Code section 19951, subdivision (e), which provides that the Bureau may provide for installment payments. The installment process established requires that:

1. The Cardroom Business License provides a written request to the Bureau before the end of their fiscal year.
2. The Bureau must approve or deny the request within 30 calendar days.
3. That the installment program allows for 3 payments of one-third of the annual fee at 120 days, 180 days and 240 days following the end of the previous fiscal year.

This time frame keeps the first payment consistent with the full payment option of subsection (a) which is itself consistent with the submittal of a Cardroom Business License's financial reporting. The final payment of 240 days provides the Bureau and Commission the time necessary to fully resolve any late payments pursuant to subsection (e) prior to the end of the current fiscal year. The 180 day payment is halfway between the first and last payment.

This provision is necessary as Business and Professions Code section 19951, subdivision (e) provides for the installment plan, but the structure of this section doesn't practically allow for the payments to be made in installments. Currently, for the Bureau to authorize installment payments, either all payments must be made within the first 120 days or the Bureau must

authorize payments to be made after the due date of the full payment. Neither of these options practically allow for a reasonable payment structure.

Subsection (c), formally subsection (b), provides that the Cardroom Business License must provide their Gambling Establishment: Annual Fee Calculation form when their payment is due. This provision is revised to reflect the new installment payment process, making it clear that the form is still due at the same time and in conjunction with the first payment.

Subsection (d) provides that to be considered timely, the annual fee must be received by the Bureau no later than the due date. This provision is moved from subsection (a) and remains unchanged. By moving it to its own subsection, it makes clear that the provision continues to apply to subsection (a), but now also applies to each of the three payments allowed for in subsection (b).

Subsection (e), formally subsection (c), provides that if the full payment is not properly made the Cardroom Business License may be subject to closure and the surrender of the license. This provision is amended to include the installment payments, requiring that those to be made on time or else subject the Cardroom Business License to closure or surrender. This is necessary to clarify that the requirements of Business and Professions Code section 19955 apply to the installment process as well.

Amend Section 12220.23. Exclusion.

Section 12220.23 is renumbered to Section 12369 and renamed Prohibited Player-Dealer Participation. This section provides that a Cardroom Business License is required to notify the Bureau of any unlicensed or registered gambling businesses operating within the gambling establishment. This provision is revised to be consistent with other regulatory changes; specifically, the repeal of the gambling business and new Section 12570. These provisions are non-substantive as the requirement to monitor and report inappropriate player-dealer participation is maintained. Additional non-substantive changes are made to the section to correct references.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

This section is also revised to remove the requirement that the Commission notify all Cardroom Business Licenses of the violating individuals. This is an action the Commission can do without a requirement in the regulation and is therefore unnecessary. The repeal allows the Commission to focus its response on a specific situation, without burdening notification of Cardroom Business Licenses on the other side of the State.

Amend Section 12370. Emergency Planning and Preparedness.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12372. Security and Surveillance Plan.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12380. Minimum Internal Control Standards (MICS) for Gambling Establishments.

This section is renamed Minimum Internal Control Standards (MICS) for cardroom business licensees. The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12381. Policies and Procedures.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section. In addition, the sunrise provision is repealed as the requirement is already fully in place. This is a non-substantive change.

Amend Section 12384. Drop and Drop Collection.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section. In addition, the sunrise provision is repealed as the requirement is already fully in place. This is a non-substantive change.

Amend Section 12385. Count; Count Room Functions.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section. In addition, the sunrise provision is repealed as the requirement is already fully in place. This is a non-substantive change.

Amend Section 12386. Cage Operation and Functions.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section. In addition, the sunrise provision is repealed as the requirement is already fully in place. This is a non-substantive change.

Amend Section 12387. Security and use of Floor Banks; Security of Gambling Equipment and Confidential Documents.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section. In addition, the sunrise provision is repealed as the requirement is already fully in place. This is a non-substantive change.

Amend Section 12388. Extension of Credit, Check Cashing, and Automatic Teller Machines (ATMS).

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12391. Gambling Floor Operations.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section. In addition, the sunrise provision is repealed as the requirement is already fully in place. This is a non-substantive change.

Amend Section 12392. House Rules.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section. In addition, the sunrise provision is repealed as the requirement is already fully in place. This is a non-substantive change.

Amend Section 12395. Security.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section. In addition, the sunrise provision is repealed as the requirement is already fully in place. This is a non-substantive change.

Amend Section 12396. Surveillance.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section. In addition, the sunrise provision is repealed as the requirement is already fully in place. This is a non-substantive change.

Amend Section 12460. Article Definitions.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12461. Posting Referral Information.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section. In addition, the sunrise provision is repealed as the requirement is already fully in place. This is a non-substantive change.

Amend Section 12462. Training Requirements.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12463. Self-Restriction Program.

The terms used in this section and attached form have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12464. Self-Exclusion Program.

The terms used in this section and attached form have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12465. Removal from the List of Self-Excluded Persons.

The terms used in this section and attached form have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12466. Responsible Gambling Program Review.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12358. Request for Additional Temporary Tables for Tournaments or Special Events.

Section 12358 is renumbered to Section 12470. This section and associated form provide for the temporary issuance of tables for special events. This section has received non-substantive, editorial changes to make provisions consistent with other proposed changes. The proposed fee of subsection (f) is an existing requirement in the Request for a Certificate to Operate Additional Tables on a Temporary Basis form and so the inclusion in the regulations is likewise non-substantive and has been included in the regulation to streamline the form as the form has been modified to include other issues.

The new form, Gambling Establishment: Gaming Tables, CGCC-0XX (New XX/19), represents a non-substantive change as it is a combination of forms BGC-024 (Rev. 04/13) [permanent tables] and BGC-027 (Rev. 07/17) [temporary tables] and does not request any information not currently required on those two forms. This form does allow for the reduction of tables, which is not included on either of those forms; however, this is also not a substantive change as there is already a policy for the reduction of permanent tables and providing for it on this form does not alter that process.

The terms used in this section and attached form have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12359. Request for Additional Permanent Tables.

Section 12359 is renumbered to Section 12472. This section and associated form provide for the permanent increase in tables at a gambling establishment. This section has received non-substantive, editorial changes to make provisions consistent with other proposed changes; specifically, the merging of this section's form with that of Section 12164. The specifics of this new form are discussed in Section 12164.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Adopt Section 12474. Reduction in Permanent Tables.

Section 12474 provides for a method through which a Cardroom Business License is able to reduce its number of permanent tables. This process currently exists and is handled on a case-by-case basis but the formalization of the process provides for clarity and consistency amongst all licensees.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (a) provides that a gambling establishment may reduce its tables on a permanent basis through the submittal of a form. This form is discussed with Section 12470 where it is merged with two existing forms. The inclusion of this process into that form provides for a simple, clear process through which a licensee can reduce their permanent tables.

Subsection (b) provides that the effective date is the same as the submittal date. Even though there may be some delay in the processing of the request, there is nothing to prevent the licensee from shutting down those tables. Should the request be determined to be invalid or inappropriate, the tables can be re-allowed without harm to the applicant.

Subsection (c) provides that the Bureau has 10 calendar days of receiving the application to notify the Commission of the request and that a new license shall be issued within 15 days of the notification. This timeline is expedited as only minimal effort is required. The Cardroom Business License has already been approved by the Commission to operate a specific number of tables, and so essentially has been authorized to operate any number less than the approved number. This means that the approval does not need to go back to the Commission for approval.

Subsection (d) provides that a reduction of tables shall not provide for a refund of annual fees already paid. This is necessary as fees are required based upon the expected costs associated with maintaining the required regulatory services.

The proposed changes in Chapter 10 are as follows:

Amend Section 12550. Purpose and Scope.

This section is revised to be consistent with other proposed changes; however, this change is non-substantive with no regulatory effect.

Amend Section 12554. Formal Hearing Process.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12556. Factors in Mitigation or Aggravation of Penalty.

This section is revised to be consistent with other proposed changes. Many of the changes are to be consistent with the removal of Chapter 2.2.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (l) provides that a violation by an employee of a TPPPS Business License may be used as a mitigating or aggravating factor when considering the impact of any penalty. This provision is revised to include Cardroom Business Licenses, in addition to TPPPS companies, and to include independent contractors in addition to employees. These revisions make the standards applied to TPPPS companies and Cardroom Business Licenses consistent with the existing standards applied to gambling businesses [existing subsection (n)]. Additionally, by updating these standards, the administrative processes including the Commission's flexibility to make decisions is broadened to allow these additional factors to be considered.

Amend Section 12558. Disciplinary Guidelines for Holders of Work Permits.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Amend Section 12560. Disciplinary Guidelines for Third-Party Providers of Proposition Player Services Licensees or Registrants.

This section is renamed Disciplinary Guidelines for Third-Party Proposition Player Services Licensees. This section contains many proposed changes to be consistent with other proposed changes; however, they are non-substantive with no regulatory effect. Additionally, references to gambling establishments have been corrected to Cardroom Business License. The gambling establishment is simply the location where the controlled game is conducted and is not an entity that is able to act in any way. Therefore, any references to the gambling establishment acting in any way have been corrected to Cardroom Business License.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Paragraph (21) of subsection (b) is repealed and replaced. This provision makes reference to subsections of Section 12200.18. As part of the consolidation of licensing procedures, Chapter 2.1; therefore, all sections in Chapter 2.1 are being repealed. In order to maintain the provisions of Section 12200.18 they are being moved within Section 12560. For those sections not being maintained, their repeal is included in the discussion of Section 12200.18. The provisions are non-substantially modified to maintain proper and consistent language to the rest of the section.

Paragraph (9) of subsection (c) is repealed and replaced. This provision makes reference to a subsection (a) of Paragraph 12220.18. This is an incorrect reference. The reference should have been subsection (a) of Paragraph 12200.18; but as the provisions are comparable, it is not a substantial error. In order to maintain the provisions of Section 12200.18, it is being moved to be within Section 12560. The provision is non-substantially modified to maintain proper and consistent language to the rest of the section.

Paragraph (9) of subsection (d) is repealed and replaced. This provision makes reference to subsections of Section 12200.18. As part of the consolidation of licensing procedures, Chapter 2.1; and, therefore all sections in Chapter 2.1 are being repealed. In order to maintain the provisions of Section 12200.18 they are being moved to be within Section 12560. For those sections not being maintained, their repeal is included in the discussion of Section 12200.18. The provisions are non-substantially modified to maintain proper and consistent language to the rest of the section.

Repeal Section 12562. Disciplinary Guidelines for Gambling Business Licenses or Registrants.

This section provides for disciplinary guidelines for licensees or registrants associated with a gambling business. As discussed in Chapter 2.2, the program associated with registering and licensing gambling businesses is repealed; and, therefore the associated disciplinary guidelines are unnecessary and also repealed.

Amend Section 12564. Disciplinary Guidelines for Manufactures or Distributors.

This section is revised to be consistent with other proposed changes; however, this change is non-substantive with no regulatory effect.

Amend Section 12566. Disciplinary Guidelines for Gambling Establishments.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

Paragraph (5) of subsection (c) provides that a Cardroom Business License that fails to report the operation of an unregistered gambling business is subject to the effects of this section if

they had been previously disciplined by the Commission for this violation. This provision is unclear as there is no information or reference to how this initial discipline is affected. Section 12220.23 currently requires that a Cardroom Business License to notify the Commission if an unlicensed gambling business is operating in the gambling establishment. With the repeal of Section 12220.23 as part of the repeal of Chapter 2.2, the specific requirement for reporting is also repealed. The amendment of this provision to failing to report any violation, in part, maintains the current requirement to report. It is necessary that a Cardroom Business License report the operation of prohibited player-dealer participation as the Cardroom Business License is ultimately responsible for the activities in their cardroom and ensuring that the gaming activities they offer are consistent with regulation.

Amend Section 12568. Disciplinary Guidelines for Holders of Licenses, Findings of Suitability, or Approvals.

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This change is non-substantive, with the necessity for the new definition discussed in that section.

The proposed changes in Chapter 11 are as follows:

Amend Appendix B. Disclosure Category 2.

This section is revised to be consistent with other proposed changes; however, all the changes are non-substantive with no regulatory effect.