

Mend section California Gambling Control Commission

**INITIAL STATEMENT OF REASONS**

**CGCC-GCA-2020-01-R**

**HEARING DATE:** None Scheduled

**SUBJECT MATTER OF PROPOSED REGULATIONS:** Licensing

**SECTIONS AFFECTED:** California Code of Regulations, Title 4, Division 18:  
Sections 12002, 12003, 12004, 12005, 12006, 12008, 12014, 12015, 12017, 12035, 12040, 12052, 12056, 12080, 12082, 12100, 12101, 12102, 12104, 12105, 12106, 12108, 12110, 12112, 12114, 12116, 12118, 12120, 12122, 12124, 12126, 12128, 12130, 12132, 12134, 12136, 12138, 12140, 12142, 12200, 12200.1, 12200.3, 12200.5, 12200.6, 12200.7, 12200.9, 12200.10A, 12200.10B, 12200.10C, 12200.11, 12200.14, 12200.15, 12200.17, 12200.18, 12200.20, 12201, 12202, 12203, 12203A, 12203.1, 12203.2, 12203.3, 12203.5, 12204, 12205, 12205.1, 12218, 12218.1, 12218.7, 12218.8, 12218.9, 12218.11, 12218.13, 12220, 12220.1, 12220.3, 12220.5, 12220.6, 12220.14, 12220.15, 12220.17, 12220.18, 12220.20., 12220.20A, 12220.23, 12221, 12222, 12223, 12224, 12225, 12225.1, 12233, 12235, 12236, 12237, 12238, 12239, 12250, 12252, 12254, 12256, 12260, 12261, 12263, 12264, 12270, 12272, 12274, 12276, 12278, 12287, 12290, 12301, 12309, 12311, 12312, 12313, 12315, 12316, 12335, 12340, 12341, 12342, 12345, 12346, 12347, 12348, 12349, 12350, 12351, 12352, 12353, 12354, 12355, 12357, 12358, 12359, 12360, 12362, 12364, 12368, 12369, 12370, 12372, 12380, 12381, 12384, 12385, 12386, 12387, 12388, 12391, 12392, 12395, 12396, 12460, 12461, 12462, 12463, 12464, 12465, 12466, 12470, 12472, 12474, 12492, 12500, 12503, 12550, 12554, 12556, 12558, 12560, 12562, 12564, 12566, and 12568

## **SPECIFIC PURPOSE OF REGULATORY PROPOSAL:**

### **Introduction:**

The California Gambling Control Commission (Commission) is the state agency charged with the administration and implementation of the California Gambling Control Act (Act or GCA).<sup>1</sup> Under the Act, the Commission is tasked with assuring that licenses, registrations, approvals, and permits (including work permits) are not issued to, or held by, unqualified or disqualified persons, or by persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.<sup>2</sup> These regulations implement various aspects of the Act and provide guidance to the procedures required to determine the suitability to individuals for licensure and other requirements of the Act. These regulations would replace the Commission's five current registration and licensing processes with a single unified process across all license categories.

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

### **Problems Addressed:**

#### **Licensing Processes**

The Act provides the Commission the responsibility to assure that licenses, approvals, and permits are not issued to, or held by, unqualified or disqualified persons. In order to provide for this, the Commission has created various registration, work permit, and licensing processes. Currently, the Commission has regulations for the employees of cardrooms (work permits<sup>3</sup> and key employees<sup>4</sup>), owners of cardrooms<sup>5</sup>, owners and employees of third party providers of proposition player services<sup>6</sup> (TPPPS), and owners and employees of gambling businesses.<sup>7</sup>

The five different processes provide for similar standards for the same levels of license (owners, supervisors, and non-supervisory employees); however, they go about this review by different methods. Sometimes the methods are very similar, such as a slight variation in a review timeline, and sometimes significantly different, such as cardroom licensees receiving temporary licenses and TPPPS and gambling business licensees receiving registrations. These variations in standards and processes provide for an inconsistent and inefficient effort by both the Bureau of Gambling Control (Bureau) and the Commission.

#### **Designated Agents**

Commission regulations currently provide for a person applying or communicating with the Commission or Bureau to designate an individual to speak on their behalf. This individual, called a designated agent, is appointed by the applicant using one of two Commission forms;

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<sup>1</sup> Business and Professions Code, Division 8, Chapter 4, section 19800 et seq.

<sup>2</sup> Business and Professions Code section 19823, subdivision (a), paragraph (1).

<sup>3</sup> Title 4, California Code of Regulations (CCR), Section 12100 et seq.

<sup>4</sup> Title 4, CCR, Section 12350 et seq.

<sup>5</sup> Title 4, CCR, Section 12340 et seq.

<sup>6</sup> Title 4, CCR, Section 12200 et seq.

<sup>7</sup> Title 4, CCR, Section 12220 et seq.

Appointment of Designated Agent (BGC-APP-008) or Appointment of Designated Agent for Owners and Proposition Players (BGC-APP-031). These forms allow for owners of cardrooms, TPPPS, and gambling businesses, along with proposition players for TPPPS and gambling businesses to appoint a designated agent. This represents only five of the Commission's eleven license types, and excludes both supervisors and work permitted employees of a cardroom as well as supervisors and other employees of both a TPPPS and gambling business.

Additionally, the designation on the Appointment of Designated Agent for Owners and Proposition Players (BGC-APP-031) does not match the allowance provided in regulation. Finally, in addition to those provided for on the forms, the proposed regulations would allow for supervisors and other employees to appoint a designated agent.<sup>8</sup>

**Purpose:**

This proposed action amends the Commission's licensing regulations to better implement various aspects of the Act in order to provide a consistent, streamlined licensing process. These regulations provide clear direction by ensuring clarity and uniformity for optimal oversight and compliance.

**Anticipated Benefits of Proposed Regulation:**

These proposed regulations will have the benefit of providing specific procedures to the entire application process, from applying to the Commission for a license or work permit through review by the Bureau and Commission. This streamlining and making consistent of all processes will have the benefit of making the application process faster while strengthening the protection to the public by ensuring that only people of good character, honesty, and integrity are allowed to work in controlled gaming.

Additional aspects of the regulations have been updated to provide clarity and consistency. These include: expanding the ability to appoint someone to assist an applicant or licensee to all licensing categories; expanding the defined terms to provide further clarity to the Commission's regulations; reorganizing Commission forms to reduce both the number of forms and the removal of unnecessary questions; and, updating Commission regulations for other technical changes that will clarify and improve the functions of the Bureau and Commission.

**Proposed Action:**

This proposed action would make changes within Division 18 of Title 4 of the California Code of Regulations. The proposed changes are as follows:

A general change has been made in the proposal to replace the word "shall" with other words less subject to interpretation. 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," compelling as "must," 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 to

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<sup>8</sup> Title 4, CCR, Section 12202, subsection (a) for TPPPS and Title 4, CCR, Section 12222 for gambling business

syntax within the meaning of Section 100(a)(4), Title 1 of the California Code of Regulations (CCR).

Chapter 1. General Provisions.

Article 1. Definitions and General Procedures.

**Amend Section 12002. General Definitions.**

This section provides general definitions for overall use 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 (d) provides a definition for “authorized player.” This definition is moved from Section 12200(b)(3). This definition is modified to be consistent with other changes to the provisions. These changes are non-substantive changes without regulatory 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.

Finally, the designated license types are modified. Supervisors must still always be authorized players. Owners need not always be authorized players, but may be if they are a natural person. Finally, TPPPS workers may be an authorized player. Existing regulations provide for two types of lower employee licenses: players and other employees. Under the old scheme, players were always authorized players and other employees were always not authorized players. However, from a licensing perspective, there is no difference between the two categories. Under the new scheme, the licensing processes are merged into a single license and the term authorized player is maintained to differentiate between the two. This is discussed further below.

These changes would be represented as follows:

(d)(3) “Authorized player” means any natural person individual associated with a particular TPPPS business license, including a subcontractor or independent contractor, primary owner whose duties include the badge authorizes play in a controlled game on behalf of the TPPPS business license primary owner, including the primary owner, all other owners, all supervisors, and all players. Only authorized players may perform the functions of a supervisor or player. All TPPPS supervisor licensees must be authorized players. A TPPPS worker licensee may be an authorized player. A TPPPS owner type licensee, if a natural person, may be an authorized player.

- Subsection (e), formerly subsection (d), provides the term “BCII” to mean the Bureau of Criminal Identification and Information, which is within the California Department of Justice. The name of this Bureau has been revised to Bureau of Criminal Information and Analysis (BCIA). The definition has been revised accordingly. This is a non-substantive change without regulatory effect.

- Subsection (h), 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 in the Commission’s definition does not alter this foundational requirement.
- Subsection (j) 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 (k) is added to include a definition for “cardroom employee type license.” This definition incorporates the definition of “gambling enterprise employee, as provided in Business and Professions (B&P) 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 licenses and Commission issued work permits. This is necessary to provide clarification for which types of Commission approvals are being referred to in the regulations and also to make the references the same as other terms used in the regulations.
- Subsection (l) 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 (m) is added to include a definition for “cardroom category license.” This definition provides a term to refer to both the owners and employees of a cardroom. 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 (n) is added to include a definition for “cardroom owner type license.” This definition is provided to both incorporate the definition of “gambling license” provided in B&P Code section 19805, subdivision (p). This alternative term cardroom owner type license better matches the format of the other terms and presents a more obvious term for any lay readers.
- Subsection (r), formerly subsection (k), 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 (s) is added to include a definition for “designated agent.” Currently, the Bureau’s regulation in Title 11, CCR, Section 2010, subsection (e), provides the definition of designated agent; however, the Commission’s regulations do not provide a definition for designated agent. Notwithstanding, the term designated agent is used in the Commission’s regulations, 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’s 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 applicant or licensee besides the owner of a cardroom or TPPPS would be unable to benefit from some Commission provisions, such as Section 12006 (which allows notices to be sent to a designated agent). This limitation is counter to the intent of the Commission’s regulations. While this proposed definition does create a different standard than is currently in the Bureau’s regulations, this definition would include every person who would be considered a designated agent under Bureau regulations, and more importantly, is consistent with the practices of both the Commission and the Bureau.

- Subsection (t), formerly 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 (u) is added to include a definition for “employee category license.” This definition provides a term to refer to the employees of cardrooms and TPPPS. 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 (z) 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 and so the definition must be moved so that all uses of the term utilize the same definition. The definition is not otherwise changed.
- Subsection (ab) 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 cardroom owner type 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- licenses, types, and categories.

- Subsection (ac), 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 owner category license. Additionally, interim key employee license is removed. An interim license is a category of license that is issued to allow for continuous action by a licensee while a regular license application is being processed. An interim key employee license is intended to allow an individual to work as a key employee while their initial application is being considered and 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 (af) moves the definition of “key employee license” from Section 12335(b)(1). The definition has been amended to remove unnecessary references. The references to B&P Code sections 19805, subdivision (x), and 19854, subdivision (c), are unnecessary as they do not refer to the license but instead to the standards of the person who has been authorized to have a key employee license. Additionally, the terms “associated with any gambling enterprise as a key employee” have been removed as they are not necessary due to other provisions providing for the specifics of the portability and association of a key employee license with a particular cardroom.

These changes would be represented as follows:

~~(af)(2) “Portable Personal Key Employee License” or “Key Employee License” means the same a license which authorizes the holder to be associated with any gambling enterprise as a key employee,~~ as provided in Business and Professions Code sections 19805, subdivisions ~~(x) and (y), and 19854, subdivision (e).~~

- Subsection (ag), 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 those for TPPPS and gambling businesses. However, the only regulations that allow a person to be endorsed on a registration are included in TPPPS and gambling business regulations, which are being repealed. Therefore, while registrations will still exist, maintaining the reference to registrations being endorsed is unnecessary.
- Subsection (ai) is added to include a definition for “owner category license.” This definition provides a term to refer to the owners of cardrooms and TPPPS. 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 (aj), formerly 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 (al) 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 cardroom owner type 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 references to these other sub- licenses, types, and categories.
- Subsection (an), 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. 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 temporary key employee licenses and temporary cardroom owner type licenses. 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- licenses, types, and categories.
- Subsection (ao), formerly subsection (aa), provides the definition for “third-party providers of proposition player services.” This definition is no longer necessary for two reasons: (1) As part of this proposal, Chapter 2.1 is proposed to be repealed; and, (2) the term is not effective in providing requirements to a specific license type. It is much clearer to place the requirements directly onto the licensee, formerly the primary owner and now the TPPPS business licensee. Additionally, the term “third-party proposition player services” has been moved from Section 12200(b)(26) to this subsection. This term is still necessary to reference the specific type of services being provided by a TPPPS. The definition for “third-party proposition player services” has been amended 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 for these purposes and includes the key employees and landlord. Services are not provided in or to the employees or landlord so the use of house is incorrect. Services are provided in a gambling establishment and to a cardroom business licensee. Therefore, the regulation is revised to reference the cardroom business licensee.
  - 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 licensee and the TPPPS be included as part of the primary contract for proposition player services (now defined as “TPPPS contract”) in writing 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.

These changes would be represented as follows:

~~(ao)(26)~~ “Third-party proposition player services” or “~~TPPPS proposition player services~~” means services provided ~~in and to a cardroom business licensee the house~~ under any written, ~~oral, or implied~~ agreement ~~between a cardroom business licensee and a business organization that engages the services of employees, independent contractors, or both, with the house, which and includes the~~ services include play as a participant in any ~~California controlled~~ game ~~that has a rotating player-dealer position as permitted by Penal Code section 330.11. This also~~ “Proposition player services” ~~also~~ includes the services of any supervisors ~~or other employees to facilitate the provision of services, as specified in paragraph (26) of this subsection.~~

- Subsection (ap) is added to provide the definition for “TPPPS business license.” This definition moves and retitles the definition of “primary owner” from Sections 12200(b)(16)(A) and (b)(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 limited liability companies (LLC), as LLCs are also entities that can provide or propose to provide proposition player services. The definition has had other non-substantive changes made to it.

These changes would be represented as follows:

~~(ap)(A)~~ “TPPPS business license” means a license issued to a ~~A~~ sole proprietor, corporation, partnership, limited liability company, or other business entity ~~for the that provides or proposes of to provide~~ ing third party proposition player services ~~as an independent contractor in a gambling establishment.~~

- Subsection (aq) is added to provide the definition for “TPPPS contract.” This definition moves and retitles the definition for “proposition player contract” from Section 12200(b)(19). As part of this proposed action, the use of the term is being added to other chapters and the definition must be moved 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.

These changes would be represented as follows:

~~(aq)(19)~~ “~~TPPPS Proposition player contract~~” or “~~contract~~” means a written contract, the terms of which have been reviewed and approved by the Bureau, between a cardroom business licensee ~~the holder of a state gambling license~~ and a TPPPS business licensee ~~primary owner~~ acting as an independent contractor for the provision of third-party proposition player services in the gambling establishment.

- Subsection (ar) is added to include a definition for “TPPPS employee type license.” This definition provides a term to refer to TPPPS supervisor licenses and TPPPS worker 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 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).

Additionally, the existing definition is revised to separately identify two categories currently provided in subparagraph (B). Currently, subparagraph (B) of Section 12200(b)(16) identifies any person specified in B&P Code section 19852, subdivisions (a) through (i). Subdivisions (h) and (i) are now separately identified in paragraphs (2) and (3). Overall, the changes are non-substantive and clarifying in nature, which maintains current license requirements.

These changes would be represented as follows:

~~(as)(16)~~ “TPPPS endorsee license ~~Owner~~” includes a license issued to any~~all~~ of the following:

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

~~(1)(B)~~ Any person~~individual~~ specified in Business and Professions Code section 19852, subdivisions (a) through ~~(g)~~~~i~~; ~~and~~

(2) Each person who receives, or is to receive, any percentage share of the revenue earned by the owner from third party proposition player services;

(3) Any employee, agent, guardian, personal representative, lender, or holder of indebtedness of the owner who, in the judgment of the commission, has the power to exercise a significant influence over the TPPPS owner or third-party proposition player services, and;

(4) ~~(C)~~ Any funding source.

- Subsection (at) is added to provide the definition of “TPPPS funding source.” As such, Section 12200(B)(10) is proposed to be repealed. This provides the definition for the term “funding source” as it relates to TPPPS and is a term that is required to provide clarity 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 cardroom business licenses or other business types.

Additionally, the wording has been revised to include those who are successors in interest. This change is necessary to provide 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 concept has been applied to equity owners in businesses that are exempt from the definition. This is necessary to ensure that all funding sources are properly licensed but that others are not inadvertently covered. The definition includes other clarifying and non-substantive amendments.

These changes would be represented as follows:

(at) (10) “TPPPS fFunding source” means any person, or their successor in interest, that provides financing to any TPPPS owner type licensee, for use by a TPPPS business licensee in which the person is not licensed; including but not limited to loans, advances, or any other thing of value including without limitation form of credit, and chips, or any other representation or thing of value, to an owner registrant or owner licensee, other than individual registrants under Subsection (d) of Section 12201 or individual licensees. “TPPPS fFunding source” does not include any federally or state chartered lending institution or any of the following entities that in the aggregate owns at least one hundred million dollars (\$100,000,000) in securities, loans, or other investment instruments of issuers that are not affiliated with the entity:

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

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

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

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

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

(6)(F) Any securities dealer registered pursuant to the federal Securities Exchange Act of 1934 (15 U.S.C. sec. 78a et seq.).

(7) Any entity whose equity owners each meet the criteria of this subsection.

- Subsection (au) is added to include a definition for “TPPPS category license.” This definition provides a term to refer to both a TPPPS owner type license and TPPPS employee type license. 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 (av) is added to include a definition for “TPPPS owner type license.” This definition recreates the current definition of owner provided in 12200(b)(16) and provides a term to refer to both a TPPPS business license and TPPPS endorsee license. 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.

- Section (aw) 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.

The term has been updated to more closely mirror the definition of key employee provided in B&P Code section 19805, subdivision (x). This does not significantly change who is designated as a TPPPS supervisor, but would add individuals who are not owners, do not supervise any employees but are empowered to make discretionary decisions on the operations of the TPPPS. This is necessary to ensure that individuals who are empowered to exercise judgement and/or control over the business or its employees are sufficiently reviewed by the Bureau and Commission before being granted that authority.

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.

These changes would be represented as follows:

(aw) (24) “TPPPS sSupervisor license” means an license issued to any natural person employed in a supervisory capacity by a TPPPS business licensee individual who, or who has in addition to any supervisory responsibilities, identified in a job duty statement or otherwise empowered to make discretionary decisions that regulate TPPPS operations, including, without limitation, the has authority to, on behalf of the TPPPS business licensee primary owner, to authorize or approve provide or direct the distribution of currency, chips, or other wagering instruments to proposition authorized players engaged in the provision of third-party proposition player services in a gambling establishment.

- Subsection (ax) is added to include a definition for “TPPPS worker license.” Currently, the Commission provides four levels of licenses in Chapter 2.1 for the provision of proposition player services, which include owner, supervisor, proposition player and other employee. These four categories mirror the statutory requirement to provide badges (licenses) to “[t]hose employed by a third-party provider of proposition player services, including owners, supervisors, observers, and players...” The definitions of TPPPS worker license is designed to capture both the player and observer.

Currently, the Commission’s regulations consider these two categories separately, as proposition players (player) and other employees (observers). These two categories are separated in two ways; (1) the definitions authorize proposition players to participate in games and control chips while the definition of other employees prohibits such; and, (2) the definition of authorized player includes proposition players while excluding other employees. The licensing procedures; however, are the exact same.

As the existing licensing structure does not require the two categories to be separated, the distinction between the two categories has been removed. Now, similar to cardrooms, TPPPS’ will have a three tier licensing structure; (1) owners; (2) supervisors; and, (3) other

non-supervisory employees. As noted above, the definition of authorized player has been revised to remove the automatic inclusion of proposition players and to allow for the designation of a TPPPS worker as an authorized player.

While this might seem like a significant change, the result should not alter any individual employee's status. A person currently working as a proposition player would now be a TPPPS worker and authorized by their company as an authorized player. Likewise, a current other employee would now be a TPPPS worker and would not be authorized by their company as an authorized player. What this does change, is it allows a TPPPS business licensee to authorize or de-authorize an employee without requiring them to reapply for a license that receives the same level of review. This will result in more flexibility for the TPPPS business licensee, less cost to the employee, and less repetitive work for the Bureau and Commission.

The language of the definition itself is written to be the opposite of the TPPPS supervisor license, capturing any employee who would not be captured by the TPPPS supervisor license definition, specifically any employee who does not have any supervisory responsibilities and is not empowered to make discretionary decisions on behalf of the TPPPS business licensee.

- Subsection (ay), formerly subsection (a) of Section 12100, provides the definition of "work permit." Currently, the Commission's definition provides no distinction between a work permit issued by the Commission and one issued by a local jurisdiction. The proposed changes to this definition would separate the terms "Commission work permit" and "local work permit" from the term "work permit" as provided in B&P Code section 19805, subdivision (ak). These additional definitions are necessary to provide greater clarity and specificity and allow the Commission's regulations to provide specific references to either.
  - Paragraph (1) would provide the definition of "local work permit" to mean any work permit that is issued by a city, county, or city and county.
  - Paragraph (2) would provide the definition of "Commission work permit" 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 is non-substantive, with the necessity for the new definition discussed in that section.

Subsection (c) is revised to change the requirement for changing an approved location from "within five days after" to "prior to." Allowing the change of a storage location prior to Bureau approval and requiring the move to be approved by the Bureau in advance are contradictory requirements. To remedy the inconsistency, the written notification requirement must be changed to require advanced approval.

**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. While the form has received other modifications to make it consistent with the new formatting, language, and numbering of other Commission forms, these changes are all non-substantive.

**Adopt Section 12005. Prohibited Player-Dealer Participation.**

This section provides a prohibition from participating, either as an owner or an employee, in any group or entity that provides proposition player services without having a TPPPS business license and TPPPS contract. Current regulation provides for the following three categories of individuals who hire or are employed as employees to participate in the play of a California game: (1) Chapter 2.1 provides for licensed participation under an approved TPPPS contract; (2) Chapter 2.2 provides for licensed participation without a TPPPS contract; and (3) prohibited participation (everyone else). Item (3) is what is provided by Section 12220.23.

- Subsection (a) provides that a person cannot hire or finance the hiring of employees or independent contractors whose job duties include participation in the play of any California game without an approved TPPPS contract.
- Subsection (b) provides that a person cannot participate in the play of any California game as an employee or independent contractor without an approved TPPPS contract.

These provisions are necessary because current regulations define the prohibited participation as someone who is acting as a gambling business but has not been licensed or registered pursuant to Chapter 2.2. With the repeal of Chapter 2.2, this restriction is less clear and so more specific provisions are necessary. The specifics of the repeal of Chapter 2.2 are discussed in Chapter 2.2.

This section provides two additional subsections:

- Subsection (c) provides that a person cannot participate in the play of a California game pursuant to an oral or implied agreement. This provision is a restatement of an existing requirement. Current regulations define third-party proposition player services to mean any “services provided in and to the house [in the gambling establishment or to the cardroom] under any written, oral, or implied agreement with the house, which services include play as a participant in any controlled game that has a rotating player-dealer position [California game]...” Now this definition would seem to allow oral or implied agreements; however, Section 12200.9(a)(1) provides that “proposition player services must not be provided except pursuant to a written proposition player contract approved in advance by the Bureau.” Together, these provisions say that oral and written services *are* proposition player services, but are also prohibited. Subsection (c) provides this same requirement but in a much more straightforward manner.

- Subsection (d) provides notice that a 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. The statement itself is true regardless of whether it is explicitly included in this section and but is necessary to provide notice of 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 licenses.

- The fees provided for in subsections (a) through (d) for cardrooms, key employees, work permittees, and TPPPS licensees are incorporated into the relevant application forms (Application for Employee Category License and Application for Owner Category 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 remain 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. Additionally, the form is renumbered to CGCC-CH1-02 (New 05/20). 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) is amended to a replace 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) 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.



- Paragraph (2) 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 (3) 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 the owners of a cardroom.
  - 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.

## Article 2. Procedures for Hearings and Meetings on Applications.

### **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.

Additionally, the form is renumbered to CGCC-CH1-03 (New 05/20). These changes are non-substantive.

### **Amend Section 12056. Evidentiary Hearings.**

This section provides direction and guidelines for the election of either an Administrative Procedures Act (APA) or GCA hearing.

Subsection (e) is added to this section to provide clarity that an APA or GCA hearing is sufficient to meet the statutory hearing requirement listed in a B&P Code section 19914. 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. This is necessary to define the processes that the Commission must use when implementing its authority and using the Commission's current processes creates efficiency.

Article 3. Designated Agent.

**Adopt Section 12080. Requirements.**

Section 12080 provides regulations for the appointment of designated agents. A designated agent is a person who is authorized to assist an applicant or licensee on a specified set of issues and may appear before the Commission on behalf of an applicant or licensee if so designated.

As discussed above, the Commission currently only has two forms allowing for the appointment of a designated agent but does not have any regulations otherwise mentioning a designated agent. The Commission's forms for appointing a designated agent currently only cover some of the license types issued by the Commission. The proposed process would expand designated agents to all license categories.

- 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. This provision is necessary to provide clarity that a designated agent can be appointed and how notification is provided to the Commission and Bureau.

Appointment of Designated Agent, CGCC-CH1-04 (New XX/20) represents a combination of BGC-APP-008 (Rev. 07/17) [gambling license] and BGC-APP-031 (Rev. 07/17) [TPPPS license]. The form contains the following elements”

- The instructions to the form provide the basic instructions contained in all Commission forms along with a basic description of what a designated agent is. The existing designated agent forms specified that the submittal of a new designated agent form would supersede any current designation. This meant that an applicant/licensee was only allowed to have one designated agent at a time. The new form replaces that limitation by stating that a designation only supersede a designation for *that* designated agent. This will allow applicants/licensees to have more than one person designated.
- 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 process 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/licensee with better clarity related to assigning specific areas of 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 is necessary to provide a simple confirmation method for everyone to demonstrate 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 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.
  - 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.
  - 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 applicant or licensee to appoint someone who is not licensed by the Commission, California State Bar, or California Board of Accountancy, while maintaining the Commission's flexibility as part of B&P 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 the designated agent may provide annual fees 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 annual fees from another person could result in that person needing licensure as a lender or holder of indebtedness pursuant to B&P Code section 19852, subdivision (i) or TPPPS funding source pursuant to Section 12002(at).

Proof of reimbursement must be provided to the Bureau within 60 calendar days, or prior to the applicant or licensee appearing before the Commission. The 60 calendar-day 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. Further, this ensures compliance prior to the Commission making any determination about the individual before the payment is rendered. Alternatively, requiring proof of payment prior to the Commission hearing any item allows the Commission to have accurate information before speaking with the applicant or licensee.

Chapter 2. Licenses and Work Permits.  
Article 1. Definitions And General Provisions.

**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 for work permit is added to Section 12002(ay) in order to provide a consistent definition of work permit for all chapters. The specifics of the new definition are discussed there.

The provision now provides that this chapter uses the definitions in Section 12002 and B&P Code section 19805 and does not provide any chapter specific definitions.

**Repeal Section 12101. Forms.**

This section provides for the incorporation of forms. With the proposed changes, this section becomes unnecessary. For better clarity, 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 existing 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 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 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 B&P 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 will expand this ability to all employee license types, subject to the requirements of Section 12110. This is discussed further under Section 12110. This provision is necessary to provide clarity that employee licensees no longer need to reapply for a new license should they change their place of employment.
- Subsection (g) provides that an individual working for a cardroom business licensee or TPPPS business licensee, who is not directly employed by a cardroom business licensee or TPPPS business licensee, must still 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 directly hired 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, TPPPS supervisor, or TPPPS worker 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 circumvent 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 game security is 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.

**Amend Section 12200.1. Certificate. (Section 12104. TPPPS Certificate)**

Section 12200.1 is renumbered to Section 12104 and renamed to TPPPS Certificate. This provision is further modified, with non-substantive changes and 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 12106. Badges)**

Section 12353 is renumbered to Section 12106 and renamed Badges. 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 the contents of work permit badges, the incorporation of work permits into this section provides a consistent standard for all badges issued by the Commission.

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:
  - A photograph of the individual
  - The first name of the individual
  - The license or Commission work permit number
  - The expiration date of the license or Commission work permit
  - The type of license or Commission 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 badges, 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 gambling establishment. This is important as, in conjunction with a TPPPS contract, there may be more than one person at a table 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 many badged 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.
  - Paragraph (1) provides that cardroom employee type licensees are required to wear their badges while on duty. This provides the public a visible identification of who is participating in the offering of the game.
  - Paragraph (2) provides that cardroom owner type licensees are required to wear their badges 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 or within the gambling establishment. This provides the public a visible understanding of who is participating in the offering of a game, while allowing the owner to maintain some separation when not actively working and still ensuring that the badge is available should it become required.
  - Paragraph (3) provides that TPPPS category licensees are required to wear their badges whenever present in any gambling establishment that has an approved contract with the TPPPS business licensee who employs them. This requirement is provided in B&P Code section 19984, subdivision (b), and is restated here so that all relevant requirements are located in one place to avoid confusion.

B&P 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.”

This requirement 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. As such, this provision clarifies the requirements of Section 19984 based on 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), is renumbered from subsection (d), which requires that the holder of a license must present 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 licensee or TPPPS business licensee) 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 Commission approval).

It is the responsibility of the Bureau to ensure onsite 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 also 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 as to the function and continued validity of each badge for the same reasons as discussed in subsections (c) and (d).
- Subsection (g) requires that if a license or work permit has expired or is determined to be invalid it cannot be used to gain employment or perform any duties which require a valid license or work permit badge. Additionally, any expired or invalid badge must be surrendered to the Commission or Bureau upon request. This requirement currently exists for key employee badges, but is now being applied to TPPPS license, work permit and gambling license badges. 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 calendar days for the surrender. This time period allows sufficient time for a cardroom business licensee or TPPPS business licensee to facilitate the return, in order to achieve postage savings. The provision also allows the flexibility for 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 a 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, there are no provisions for providing a replacement badge.

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.
- Paragraph (1) provides that this section applies to current valid initial, renewal, temporary, and interim licenses and Commission work permits. This is necessary to provide for the scope of these provisions.
- Paragraph (2) provides that the requestor must submit a completed Badge Replacement Request, CGCC-CH2-01 (New 05/20). 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 name of the requestor. This information is necessary to make sure the details on the badge are correct.
  - Section 2 of the form requires the details of the license for the replacement, 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 cardroom owner type licenses, this is a non-substantive change. Current provisions provide for a 25 replacement badge fee [12008(b)(3), 12140(a)(3)(C) and 12200.5(a)(3)(A)]. Applying this same fee to a replacement gambling license badge is both consistent and represents the actual 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 business 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 currently 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 will provide the replacement badge within 10 business days after receipt of a complete application. This provision is necessary to provide a deadline 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 business 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).

#### **Adopt Section 12110. Change in Employment Status.**

Section 12110 provides a process for an employee to inform the Bureau of a change in employment status. Existing Section 12130 [work permits] 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.

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, the Bureau, and the Commission. 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 a TPPPS business licensee, these advantages are applied to additional licensing structures. This will result in improved Bureau and Commission efficiencies, along with both cost and time savings to licensees.

- 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 or adds employment with a comparable position. This change in employment status would not excuse the licensee from following any additional licensing requirements of the local jurisdiction (for example, a key employee may still be required to be approved for a local work permit).
  - Paragraph (2) provides that notification must be provided within 10 business days for starting the new employment. This notification allows the Bureau to be informed of where a licensee is working to ensure that they are following all local requirements and in order to follow up with any other information that may be required, such as possible change in contact information. In order to provide notification, the applicant would submit a Notification of Employment Change, CGCC-CH2-02 (New 05/20).

Notification of Employment Change, CGCC-CH2-02 (New 05/20) 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 of the form requires the name of the requestor. This information is necessary to make sure the correct licensee's information is updated.
  - 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 (b) provides that a when an employee category licensee ceases to be employed by an owner category licensee both the employee and owner must provide notice to the Bureau within 10 business days. By providing dual notification, the Bureau can be made aware of any issues that may be of consideration for future licensure, either of the employee or the owner.
    - Paragraph (1) provides that an employee licensee must provide notification using the Notification of Employment Change form, as referenced which is necessary for the reasons provided above.

- Paragraph (2) provides that an owner category licensee must provide notification using a Notification of Employee Separation, CGCC-CH2-03 (New 05/20).
  - Section 1 of the form requires the name of the owner category licensee. This is necessary to accurately identify the employee and ensure that the employee's status is updated correctly.
  - Section 2 requires the owner category licensee to identify the employee and provide the reason for the employee's separation. This information is necessary because some reasons, specifically terminations, may require follow up by the Bureau if the reason could affect the employee's suitability or if the employee is also working for another owner category licensee.
  - Section 3 is the declaration by the owner category licensee 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) provides that the change in employment status does not alter the timeframe of the finding by the Commission. 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.

## Article 2. Initial and Renewal Licenses and Work Permits.

### **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 revision.

### **Amend Section 12342. Initial Gambling License Applications; Required Forms; Processing Times. (Section 12112. Initial License Applications; Required Forms.)**

Section 12342 is renumbered to Section 12112 and renamed Initial License Applications; Required Forms. This section currently applies only 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 Category License, CGCC-CH2-04 (New 05/20) or Application for Owner Category License, CGCC-CH2-05 (New 05/20), 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 update 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 Category License, CGCC-CH2-04 (New 05/20) requires that information be submitted related to each individual that is applying for a key employee license, Commission work permit, TPPPS supervisor license, TPPPS worker 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 that the Bureau can determine 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. Currently, both the key employee and TPPPS employee form asks questions on renewal, but the work permit form does not. Additionally, the form has have been updated to include additional questions. Specifically, the form asks five questions:

- Have you been a party to any civil litigation since last filing a license or Commission work permit application? This question is already on BGC-031 and BGC-434.
  - Have you been named in any administrative action affecting any license certification since last filing a license or Commission work permit application? This question is already on BGC-031 and BGC-434.
  - Have you been convicted of any crime (misdemeanor or felony) since last filing a license or Commission work permit application? This question is already on BGC-031 and BGC-434.
  - Have you acquired or increased your financial interest in a business that conducts lawful gambling outside the State since last filing a license or Commission work permit application? This question is already on BGC-031 and BGC-434.
  - Have you entered into any new agreements? If yes, attach a list of agreements including the amount and all contracting parties. This information provides the Bureau with a basis for looking at the existing financial relationships an applicant has prior to consideration by the Commission. This is necessary so that the Bureau can ensure that unsuitable persons are not permitted to associate with gambling activities and the individuals who work in them.
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- Section 4 provides 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, which is 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 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 may affect the finding of suitability.
  - Application for Owner Category License, CGCC-CH2-05 (New 05/20) 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 can determine if the application is complete and how to proceed when 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 it 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. The current form includes questions, though these have been updated to include additional questions. Specifically, the form asks a total of 12 questions of various applicant types as indicated below:

All applicants:

- Have you been a party to any civil litigation since last filing a license application? This question is already on the current forms.
- Have you been named in any administrative action affecting any license certification since last filing a license application? This question is already on the current forms.



- Have you been convicted of any crime (misdemeanor or felony) since last filing a license application? This question is already on the current forms.
- Have you acquired or increased your financial interest in a business that conducts lawful gambling outside the State since last filing a license application? This question is already on the current forms.
- Have you transferred any ownership interest to any individual or into a Trust since last filing a license application? This new question is necessary to ensure that licenses follow proper procedures to transfer ownership interest into a Trust, which includes the licensure and approval of the Trust.
- Do you have a financial interest in the cannabis industry? Do you currently have or do you intend to acquire a license or permit in the cannabis industry? Since the forms were last updated, California has legalized the sale and use of cannabis; however, those activities are still not federally legal. This puts the industry in a gray area where someone can be following California law but potentially in violation of Federal law. Due to this possibility, it is critical that the Bureau and Commission be aware of any licensees who may be participating in the cannabis industry as this could potentially have an impact on the licensee's continued suitability.

Cardroom business license or TPPPS business license only:

- Have there been any changes affecting ownership or controlling interest in this business since last filing a license application? This question is already on the current forms.
- Have there been any changes affecting ownership or control interest in any entity that is endorsed upon the license since last filing a license application? This is currently being asked on BGC-433 (TPPPS owner). Requiring this question of both license types provides consistency in the process and provides the Bureau with additional information when determining if a full supplemental report may be necessary.
- Has there been any newly acquired or increases to any financial interest in a business that conducts lawful gambling outside the State since last filing a license application? This is currently being asked on BGC-433. Requiring this question of both license types provides consistency in the process and provides the Bureau with additional information when determining if a full supplemental report may be necessary.

Cardroom business licenses only:

- Has there been any change to the terms (financial or otherwise) of the business' lease or change of landlord since last filing a license application? This question is already on the current form.

Trusts only:

- Has there been any amendment to any trust documents or any changes to a beneficiary, trustee, or trust asset since last filing a license application? This question is already on the current 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)(3-5), by providing the gambling games proposed to be conducted, the names of all persons directly or indirectly interested in the business and the nature of the interest, and 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 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 may affect the finding of suitability.
- Subsection (b) provides that for the supplemental forms:
  - Business Entity: Supplemental Information, CGCC-CH2-06 (New 05/20) 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 business structure 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 entity's other gaming history. 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 relevant instances. This information is already required on existing forms.
- Section 4 requires information about the entity's 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 relevant instances. 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 2020 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 entity 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 business licenses need to be financially stable to ensure the public trust and that they are free of criminal and corruptive elements. This information allows 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. While most of the questions are existing, there are some new questions. The form requests the following information:
  - Has any interest in the applicant been promised to any person or has an agreement to transfer interest been entered into? This information is already required on existing forms.

- Has the applicant filed for bankruptcy within the last 10 years? This information is already required on existing forms.
  - Has the applicant had a reorganization in ownership within the last three years? This information is already required on existing forms.
  - Has the applicant been audited within the last 10 years? This information is currently required on BGC-APP-034B. Requiring this information of all applicants provides a uniformed process and provides the Bureau with the information necessary to ensure an applicant's financial viability.
  - Has the applicant had any judgments or liens filed against them or had wages garnished within the last 10 years? This information is already required on existing forms.
  - Has the applicant had any assets repossessed within the last 10 years? This information is already required on existing forms.
  - Has the applicant ever held interest in another gaming venture? This information is already required on existing forms.
  - Does the applicant own, control, or manage assets outside the U.S.? This information is already required on existing forms.
  - Does the applicant control, manage, or hold any assets or liabilities for another person? This information is already required on existing forms.
  - Is the applicant's interest in the owner category licensee held by a trust? This information is already required on existing forms.
  - Does the applicant have any agreements with any other party besides a TPPPS contract? This information provides the Bureau with a basis for looking at the existing financial relationships an applicant has prior to consideration by the Commission. This is necessary so that the Bureau can ensure that unsuitable persons are not permitted to associate with gambling activities and the businesses that operate them.
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- Section 7 requires information related to the property in which the TPPPS business licensee 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 the Bureau has the ability to conduct any investigations or compliance efforts it deems necessary. Additionally, understanding the financial relationship of the associated parties, 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 financial requirements and identifies individuals connected to a cardroom business licensee that could be considered owners; and, therefore require licensure.

- Section 9 provides a list of additional documentation required. This includes other Commission forms 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 corrupts the finding of suitability process.
- Individual Owner/Principal: Supplemental Information, CGCC-CH2-07(New 05/20) 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. The new form does not include all of the information on the existing forms. Some of the physical description and citizen questions have not been included. The Bureau is able to get much of that information from the Department of Motor Vehicles and other databases and therefore asking for the information is not necessary. Likewise, the citizenship information is not necessary. All that is required is that information related to the applicant's legal status to work is provided.
  - 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 the existing forms. This information includes current marital status, names and dates of current and former marriages, and if the applicant has any family members, cohabitants, or roommates who have a financial interest in, or are employed by, a gaming related business.
  - 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. This information is already required on the existing forms. 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.
  - Section 4 requires information related to the criminal history of the applicant. This information is necessary as the Act identifies criminal acts or associations that could lead to a mandatory or discretionary denial convictions that could lead to a mandatory or discretionary denial by the Commission. This information is already being requested on existing forms. The proposed form includes an expanded explanation of

what types of items need to be reported. The information is necessary to allow the Bureau to investigate each applicant and for the Commission to make a determination on their suitability. The form requests the following information:

- Has the applicant been convicted or pled guilty or no contest to a misdemeanor or felony, and if yes request basic information such as, the date of the conviction, the arresting agency, court location, and the specific criminal convictions along with the factual circumstances that led to the conviction.
  - Has the applicant ever been removed from or prohibited from entering the premises of gaming or pari-mutual wagering establishment?
  - Has the applicant ever engaged in book making or knowingly engaged in other illegal gambling activities?
  - Has the applicant ever been found in violation of campaign laws?
  - Is the applicant currently on probation, and if yes, they are asked to provide details?
  - Has the applicant ever been found in violation of the U.S. Foreign Corrupt Practices Act?
  - Has the applicant ever been a party to a lawsuit, and if yes, they are asked provide some specific details?
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- 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 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 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 exposure. 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. While most of the questions are existing, there are some new questions. The form requests the following information:

- Has the applicant filed for bankruptcy within the last 10 years? This information is already required on existing forms.
- Has the applicant had any judgments or liens filed against them or had wages garnished within the last 10 years? This information is already required on existing forms.
- Has the applicant been audited within the last 10 years? This information is currently required on BGC-APP-034A. Requiring this information of all applicants provides a uniformed process and provides the Bureau with the information necessary to ensure an applicant's financial viability.
- Has the applicant had any assets repossessed within the last 10 years? This information is already required on existing forms.
- Has the applicant been a party to a foreclosure within the last 10 years? This information provides historical financial information in the same area as the question about repossession and loans being deemed uncollectible. As noted, it is important that people in control of a licensed entity be suitable and part of that suitability is financial health and the likeliness that they may be influenced or controlled through poor financial health.
- Does the applicant own, control, or manage assets outside the U.S.? This information is already required on existing forms.
- Does the applicant control, manage, or hold any assets or liabilities for another person? This information is already required on existing forms.
- Is the applicant's interest in the owner category licensee held by a trust? This information is already required on existing forms.
- Does the applicant have any agreements with any other party besides a TPPPS contract? This information provides the Bureau with a basis for looking at the existing financial relationships an applicant has prior to consideration by the Commission. This is necessary so that the Bureau can ensure that unsuitable persons are not permitted to associate with gambling activities and the businesses that operate them.
- Has the applicant given or received any gifts that exceed \$10,000 in value in any one-year period within the last three years? This information provides historical financial information in the same area as the question about repossession and loans being deemed uncollectible. The threshold of \$10,000 was selected because it is consistent with federal law related to financial institutions reporting current transactions. As noted, it is important that people in control of a licensed entity be suitable and part of that suitability is financial health and the likeliness that they may be controlled through any poor financial health.
- Has the applicant exchanged currency in any amount of more than \$10,000 within the last three years? This information provides historical financial information in the same area as the question about repossession and loans being deemed

uncollectible. The threshold of \$10,000 was selected because it is consistent with federal law related to financial institutions reporting current transactions. As noted, it is important that people in control of a licensed entity be suitable and part of that suitability is financial health and the likeliness that they may be influenced or controlled through poor financial health.

- Section 11 provides a list of additional documentation required. This includes other Commission forms 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-CH2-08 (New 05/20) 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. The information being requested is already being requested on two of the forms; BGC-APP-016A and BGC-APP-033. The new form does not include all of the information on the existing forms. Some of the physical description and citizen questions have not been included. The Bureau is able to get much of that information from the Department of Motor Vehicles and other databases and therefore asking the information is not necessary. Likewise, the citizenship information is not necessary. All that is required is that information related to the applicant's legal status to work is provided.
- 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 the existing forms. This information includes current marital status, names and dates of current and former marriages, and if the applicant has any family members, cohabitants, or roommates who have a financial interest in, or are employed by, a gaming related business.
- 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. This information is already required on the existing forms. 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.



- Section 4 requires information related to the criminal history of the applicant. This information is necessary as the Act identifies criminal acts or associations that could lead to a mandatory or discretionary denial by the Commission. This information is already being requested on existing forms. The proposed form includes an expanded explanation of what types of items need to be reported. The information is necessary to allow the Bureau to investigate each applicant and for the Commission to make a determination on their suitability. The form requests the following information:
  - Has the applicant been convicted or pled guilty or no contest to a misdemeanor or felony, and if yes it requests basic information such as, the date of the conviction, the arresting agency, court location, and the specific criminal convictions along with the factual circumstances that led to the conviction.
  - Has the applicant ever been removed from or prohibited from entering the premises of gaming or pari-mutual wagering establishment?
  - Has the applicant ever engaged in book making or knowingly engaged in other illegal gambling activities?
  - Has the applicant ever been found in violation of campaign laws?
  - Is the applicant currently on probation, and if yes, they are asked to provide details?
  - Has the applicant ever been a party to a lawsuit, and if yes, they are asked provide some specific details?
- 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. The Act requires 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 exposure. 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 Commission forms 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-CH2-09 (New 05/20) requires that information be submitted related to each trust that is also an owner of a cardroom business license or TPPPS business license. Currently both a cardroom and TPPPS utilize the Trust Supplemental Background Investigation Information, BGC-APP-143 (Rev. 07/17). This proposed form would replace BGC-APP-143 but maintains much of its content.
  - Section 1 requires information related to the trust. This information is already required on form BGC-APP-143. This information is necessary for the Bureau to identify and confirm the submittal of an application and to understand the information necessary to ensure a proper and complete application for both the trust and those persons affiliated with the trust.
  - Section 2 requires information about the structure of the trust, such as the trustor(s), trustee(s), and beneficiary(ies). This information is necessary to ensure that every individual required to submit an application for licensure does so. 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 already required on existing supplemental forms for natural persons applying to be owners but is not currently required of trusts. This information is necessary to allow the Bureau to follow the actions of the trust, and those who

manage the trust, in order to ensure that they have acted properly in all relevant instances.

- Section 5 requires information related to the licensing of the trust. This information is already required on existing supplemental forms for natural persons applying to be owners but is not currently required of trusts. This is necessary to ensure that the Bureau has the information necessary to investigate the history of the trust. These questions will capture actions in non-cardroom related gambling such as horseracing, online gambling, lottery, and non-gaming industries and is necessary information for the Bureau to investigate, especially in situations where a license or other approval may have been denied, suspended, conditioned, or revoked.
- Section 6 requires information about other gaming related business interests. This information is already required on existing supplemental forms for natural persons applying to be owners but is not currently required of trusts. 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 7 requires information about non-gaming business interests. This information is already required on existing supplemental forms for natural persons applying to be owners but is not currently required of trusts. This information assists the Bureau by providing a complete financial understanding of the applicant. The Act requires 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 8 requires information related to the financial history of the applicant. Some of this information is currently being requested on current forms. Other information is already required on existing supplemental forms for natural persons applying to be owners but is not currently required of trusts. This information is necessary as factors such as the trust's finances could put pressure on an individual to act inappropriately. Providing this information allows the Bureau to investigate. 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. The form requests the following information:
  - Subsection A – Requires information related to the person that prepares and files the trust's financial statements. This information is currently required on BGC-APP-143.
  - Subsection B – Requires the Tax Id information of the trust. This information is currently required on BGC-APP-143.
  - Subsection C – Requires bankruptcy information about the trust. This information is currently required of non-trust owner applicants.
  - Subsection D – Requires information related to any judgments or liens filed against the trust. This information is currently required of non-trust owner applicants.

- Subsection E – Requires information related to any past audits. This information is currently required of non-trust owner applicants.
  - Subsection F – Requires information about asset repossession or loans being turned over to a collection agency. This information is currently required of non-trust owner applicants.
  - Subsection G - Requires information about foreclosures. This information provides historical financial information in the same area as the question about repossession and loans being deemed uncollectible. As noted, it is important that people in control of a licensed entity be suitable and part of that suitability is financial health and the likeliness that they may be controlled through any poor financial health.
  - Subsection H - Requires information about assets and liabilities located outside the U.S. This information is currently required of non-trust owner applicants.
  - Subsection I – Requires information about any other agreements or contracts that the trust may have. This information assists the Bureau by providing a complete financial understanding of the applicant. The Act requires 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.
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- Section 9 provides a list of additional documentation required. This includes other Commission forms 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 may also affect the finding of suitability.
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- Commission Work Permit or TPPPS Worker: Supplemental Information, CGCC-CH2-10 (New 05/20) requires that information be submitted related to an application for a work permit or TPPPS worker license. This form represents a combination of BGC-APP-032 (Rev. 07/17) [TPPPS Licensing] and BGC-436 (Rev. 07/17) [TPPPS Registration]. Currently, there is not a supplemental form required for work permittee applicants, though the Bureau has provided an informal form titled Work Permit Questionnaire, BGC-LIC. 049 (Rev. 11/07). The new form more closely reflects the level of questions required in the TPPPS licensing supplemental, BGC-APP-032. For the TPPPS employee forms, this is the most relevant form. The form for registration reflects a process that is being repealed, as described in more detail above. Due to this repeal, and the replacement with a temporary license process, the licensing form becomes the main foundational background document.
  - Section 1 requires information related to the person. This is necessary for the Bureau to identify and confirm the submittal of an application. The information being

- requested is already being requested on two of the forms; BGC-APP-032 and BGC-LIC. 049. The new form does not include all of the information on the existing forms. Some of the physical description and citizen questions have not been included. The Bureau is able to get much of that information from the Department of Motor Vehicles and other databases and therefore asking the information is not necessary. Likewise, the citizenship information is not necessary. All that is required is that information related to the applicant's legal status to work is provided.
- 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 BGC-APP-032. This information includes current marital status, names and dates of current and former marriages, and if the applicant has any family members, cohabitants, or roommates who have a financial interest in, or are employed by, a gaming related business. Requiring this information from applicants for work permits provides consistency with the equivalent application requirements for a TPPPS license and other license types.
  - 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. This information is not currently on the supplemental forms for this level of employee; however, 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.
  - Section 4 requires information related to the criminal history of the applicant. This information is necessary as the Act identifies criminal acts or associations that could lead to a mandatory or discretionary denial by the Commission. This information is already being requested on all three forms, though with different questions and levels of detail. The proposed form includes an expanded explanation of what types of items need to be reported. The information is necessary to allow the Bureau to investigate each applicant and for the Commission to make a determination on their suitability. The form requests the following information:
    - Has the applicant been convicted or pled guilty or no contest to a misdemeanor or felony, and if yes request basic information such as, the date of the conviction, the arresting agency, court location, and the specific criminal convictions along with the factual circumstances that led to the conviction.
    - Has the applicant ever been removed from or prohibited from entering the premises of gaming or pari-mutual wagering establishment?
    - Has the applicant ever engaged in book making or knowingly engaged in other illegal gambling activities?
    - Is the applicant currently on probation, and if yes, they are asked to provide details?

- Section 5 requires information related to the current and former 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 two of the forms; BGC-APP-032 and BGC-LIC. 049.
- Section 6 requires information related to the current and former 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 two of the forms; BGC-APP-032 and BGC-LIC. 049.
- 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. Forms BGC-APP-032 and BGC-LIC. 049 already request this information, though the proposed form is broader in its questions. The existing forms ask about gambling establishment employee permits while the new form asks a general question about previous employment within the gambling industry or licensure related to gaming. These broader questions will capture employment in non-cardroom related gambling such as horseracing, online gambling, and the lottery and provides necessary information for the Bureau to investigate, especially in situations where a license or other approval may have been denied, suspended, conditioned, or revoked.

Additionally, the proposed form asks if the applicant has ever been disciplined, fined, etc., by a gaming regulatory agency. This information is necessary so that the Bureau can determine if any past gaming industry related issues so that it can properly follow up in its investigation.

- Section 8 provides a list of additional documentation required. This includes other Commission forms 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 may also affect the finding of suitability.
- Supplemental Information: Schedules, CGCC-CH2-11 (New 05/20) 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. The only new information being required deals with the dates the information is filled into the form. By allowing different dates for each item, the applicant is provided with more flexibility as they are no longer required to determine their balances on the exact same day.

- Spousal Information, CGCC-CH2-12 (New 05/20) is required in paragraph (7), renumbered from paragraph (5). This form requires that when applying for a cardroom owner type license, an applicant and their spouse provide the specific relationship the spouse will have with the cardroom, 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. Existing regulations provide six forms, depending on the specific status being declared. As part of this process these six forms are being repealed and combined into the proposed form. 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).

Currently, the TPPPS licensing process does not include a form consideration of spouses; however, on a case-by-case basis applicants have been allowed to submit that their spouse will not have a relationship with a TPPPS and therefore does not require licensure. The proposed form has been drafted to allow for its use with a TPPPS owner type license. This is necessary to both formalize and make consistent the two processes.

- 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.

All questions are asked in a yes (check box), no (don't check box) fashion:

- Question 1 asks: "The owner category license or ownership interest in the owner category license is community property of the applicant and the spouse." This question would currently be answered by the applicant selecting either the Community Property Interest or Sole and Separate Property forms.
- Question 2 asks: "The spouse is involved, directly or indirectly, with any management decisions, of any nature, regarding the operation of the owner category license." This question is currently asked on both the Spouse's Declaration, Acknowledgement and Agreement as: I am or am not (circle one) involved, directly or indirectly, with any management decisions, of any nature whatsoever, regarding that gambling establishment."
- Question 3 asks: "The spouse has direct or indirect authority or influence in the decision making process related to the operation of the owner category license." This question is currently asked on both the Spouse's Declaration,

Acknowledgement and Agreement as: I do or do not (circle one) have any direct or indirect authority or influence in the decision-making process relating to any activities in that gambling establishment.

- Question 4 asks: “The spouse is engaged in any conduct as part of the cardroom business license or TPPPS business license for which licensure could be required pursuant to B&P Code sections 19850, 19851, 19853, 19854, 19912, or 19984.” This question is currently asked as part of the declaration on both the Spouse’s Declaration, Acknowledgement and Agreement as: “I am not engaged in any conduct for which I could be required to obtain a registration, a finding of suitability, a permit, or a license, pursuant to B&P Code sections 19850, 19851, 19853, 19854, and/or 19912, for that gambling establishment.” It has been amended to include B&P Code section 19984 as that section pertains to TPPPS business licenses.
- Question 5 asks: “The owner category licensee is the sole and separate property of the applicant. This question would currently be answered by the applicant selecting either the Community Property Interest or Sole and Separate Property forms.
- 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 and that any future interest will require licensure. Much of this information is already required on existing forms; however, the questions have been revised to clarify the types of disallowed spousal involvement, authority, or influence over the business that is allowed.
  - Acknowledgement 1 states: “I accept that the applicant bears the burden of establishing the interest in the owner category licensee is the sole and separate property of the applicant and that each and every statement in this section is true. That included as part of this declaration is documentation of a legal nature sufficient to substantiate the declaration.” This acknowledgment does not currently exist on any of the Commission’s forms. This provision would require that the applicant acknowledge that it is their burden to prove that the property is sole and separate and that the spouse does not require licensure. While not included in existing forms, this requirement is already true. The applicant and spouse are already required to submit forms indicating their property status, and those forms must be filled out truthfully.
  - Acknowledgement 2 states: “That included as part of this declaration is documentation sufficient to substantiate this declaration under section 4. I have read this documentation and determined this information is accurate either based on the advice of legal counsel, or my own accord after having been afforded the opportunity to seek the advice of counsel but waived that opportunity.” This acknowledgment does not currently exist on any of the Commission’s forms; however, it is consistent with other Commission



waivers in that it places the burden of understanding the forms and the applicant's assertions on those forms. This statement further advises an applicant that they may wish to seek the advice of legal counsel when determining the legal property status of the licensed business and requests acknowledgement that it was done, or the opportunity has been waived.

- Acknowledgement 3 states: "The spouse will not be involved, directly or indirectly, with any management decisions, of any nature, regarding the operation of the owner category licensee." As noted for the question, this is already provided in the question section of the Spouse's Declaration, Acknowledgement and Agreement and is also provided in the question section of the Applicant's Declaration, Acknowledgment and Agreement.
- Acknowledgement 4 states: "The spouse will have no direct or indirect authority or influence in the decision-making process related to the operation of the owner category licensee." As noted for the question, this is already provided in the question section of the Spouse's Declaration , Acknowledgement and Agreement and is also provided in the question section of the Applicant's Declaration, Acknowledgment and Agreement.
- Acknowledgement 5 states: "The spouse will not be engaged in any conduct as part of the owner category licensee for which licensure could be required pursuant to B&P Code sections 19850, 19851, 19853, 19854, 19912, or 19984 or commission regulations." As noted for the question, this is already provided in the declaration section of the Spouse's Declaration, Acknowledgement and Agreement.
- Acknowledgement 6 states: "In the event of the spouse inheriting, receiving a gift, or otherwise obtaining any ownership interest in the owner category licensee, the spouse will be required to undergo licensure prior to receiving any ownership interest or revenues from the business." While not on the existing forms, this statement is currently true regardless. Someone must be licensed to control or operate a cardroom or TPPPS, and therefore would be required to be licensed should they later become owners.
- Acknowledgement 7 states: "Any involvement by the spouse in any activity or conduct for which a finding of suitability, a permit, or a license is, or may be, required pursuant to the Gambling Control Act without first obtaining any required finding of suitability, permit or license may be may be used as grounds for a denial, or subsequent revocation of the applicant's license." This acknowledgement is included in the Spouse's Declaration, Acknowledgement and Agreement and the Applicant's Declaration, Acknowledgment and Agreement in the declaration section.
- Acknowledgement 8 states: "That if any statement in this declaration of Sole and Separate Property is false, and that fact may be used as grounds for a

denial, or subsequent revocation of the applicant's license." This acknowledgement is included in the Spouse's Declaration, Acknowledgement and Agreement and Applicant's Declaration.

- 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. This is necessary to provide the Bureau information to substantiate the request or otherwise require the submittal of an applicant by the spouse as part of a complete application.
- 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 affects the finding of suitability process.
- Paragraphs (6) through (17), inclusive, are repealed.
  - Trust Supplemental Background Investigation Information, BGC-APP-143 has been moved to paragraph (4).
  - Declaration of Full Disclosure, BGC-APP-005 has been repealed. The declarations in this document are not necessary. The Bureau will be provided the information necessary to make these determinations as part of the application process. Additionally, the existence of some of the agreements provided in this form is not prohibited, but could instead result in additional persons needing licensure.
  - Authorization to Release Information, BGC-APP-006 has been moved to subsection (c).
  - Applicant's Declaration, Acknowledgment and Agreement (Community Property Interest), BGC-APP-011 has been combined with the Spousal Instructions form provided in paragraph (7).
  - Applicant's Declaration, Acknowledgment and Agreement (Sole and Separate Property), BGC-APP-012 has been combined with the Spousal Instructions form provided in paragraph (7).
  - Spouse's Declaration, Acknowledgment and Agreement (Community Property Interest), BGC-APP-013 has been combined with the Spousal Instructions form provided in paragraph (7).
  - Spouse's Declaration, Acknowledgment and Agreement (Sole and Separate Property), BGC-APP-014 has been combined with the Spousal Instructions form provided in paragraph (7).
  - Appointment of Designated Agent, BGC-APP-008 has been moved to subsection (e).
  - Key Employee Report, BGC-LIC-101 has been repealed. The Bureau already has this information due to being informed when an employee begins or leaves employment through other mechanisms in the Commission's regulations.
  - Instructions to Applicant's Spouse, BGC-APP-010 has been combined with the Spousal Instructions form provided in paragraph (7).
  - Notice to Applicants, BGC-APP-001 has been combined into the forms provided in subsection (a).

- Request for Live Scan Service (BCII 8016) has been moved to subsection (d).
- Paragraph (8), renumbered from paragraph (18), provides that the form Request for Copy of Personal Income Tax or Fiduciary Return, FTB-3516C1 (Rev. 02/09 side 1-PIT) is required. This form is another agency's and is maintained by them. The reference to this form has been updated to refer to the most recent version. This update is non-substantive as the older form versions of the form were not being provided.
- Paragraph (9), renumbered from paragraph (19), provides that the form Request for Copy of Corporation, Exempt Organization, Partnership, or Limited Liability Company Return, FTB-3516C1 (Rev. 11/03 side 2-CORP) is required. This form is another agency's and is maintained by them. The reference to this form has been updated to refer to the most recent version. This update is non-substantive as the older form versions were not being provided.
- Existing subsection (b) is repealed. This subsection 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 prescribed 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) provides for the Authorization to Release Information form:
  - Authorization to Release Information, CGCC-CH2-13 (New 05/20) 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) and most of the proposed changes are non-substantive 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 two-year licensure this form was not modified to reflect this change.
- 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 prescribed 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.

- Subsection (d) provides for the background verification forms. If an applicant is a resident of California, then the standard Live Scan service 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 BCIA 8016 (Rev. 05/18) is an updated form maintained by another agency. This update is non-substantive as the older form versions were not being accepted by Live Scan Services and so applicants were already forced to use the new form.
- 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, which was previously discussed.

**Amend Section 12345. Gambling License Renewals; Processing Times. (Section 12114. Renewal License Applications; Required Forms.)**

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 and incorporated into Section 12345 are Sections 12351 [key employee license] and 12218.8 [TPPPS licenses]. This new section provides the application process specifics 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 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 revisions.
- Subsection (c) provides for what a complete application must contain, which includes:
  - Paragraph (1) provides a requirement to provide an application form, discussed in the previous section.

- Paragraph (2) provides that 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 standardization of the licensing process.
- New paragraph (3) provides that a passport-style photograph be provided with the application. This is currently true for all license types except gambling licenses. This new requirement is consistent with the proposed provision of badges to gambling license holders. A new photo is required because a new badge will be issued.
- New paragraph (4) adds the new requirement for 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 which means that if a licensee commits a crime in California, the Bureau is notified. This ongoing monitoring is not available from other states though, 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, a Spouse must submit a new copy of the Spousal Information form. This requirement is necessary to allow the Bureau to ensure that no change 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 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, there is not room in the timeline for the Bureau to extend its review and still have sufficient time 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 following processing timelines and application requirements:
  - Paragraph (1) provides that the Bureau must review an application within 10 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 five 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. Additionally, a “complete application” is changed to reference the two new application forms, for employees and owners. This is a non-substantive change to keep the language consistent with other revisions.
  - Paragraph (2) provides that the Bureau will review an applicant’s supplemental information forms. The requirement that the Bureau 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 allowed additional flexibility when conducting its background investigation. Additional proposed changes to this paragraph are non-substantive changes to keep the language consistent with other revisions.
- Subsection (b) provides the timelines that the Bureau must follow when submitting its Bureau report. This provision represents a non-substantive change as current timelines include 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 for the Bureau 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 licensee must cease all gambling operations upon expiration of their license. This provision currently exists and all revisions to it are non-substantive changes.
  - New paragraph (2) provides that if a TPPPS business licensee’s license expires the licensee 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 specifies that a licensee is required to offer

proposition player services. This provision provides specificity that an expired license is not valid.

- 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 of 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 calendar 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. Further, 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 permits will occur.

- Subsection (a) provides that if the Commission has denied an applicant, that denial will 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 that the Executive Director 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 to the issuance of a local work permit, that individual may apply to the Commission 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 must be a GCA hearing, with a few exceptions.

- The complainant will always be the Bureau;
- The Bureau will not be required to provide a Bureau report, but will instead be required to establish its basis for denial; and,
- The burden of proof will 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 disciplinary action, where the individual has been found suitable and the Bureau is requesting the Commission revoke that approval. 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 always be the complainant, will not have processed the application (and hence will not have a bureau report), and will have the burden of proof.

- Subsection (d) provides that the Commission may revoke a Commission work permit, or order 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 met can meet this requirement. To limit this process to just an evidentiary hearing before the Commission would create an unnecessarily redundant process in the situation where a holder of a work permit has full protections at another venue, is found unsuitable, and then the Commission is required to hold another hearing in order to recognize the same decision.

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

This section provides consistency with Tribal-State Compacts (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 that own less than 10 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.

Article 3. Temporary Licenses and Work Permits.

**Repeal Section 12120. Temporary Work Permits.**

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



- Subsection (a) provides 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 with 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 additional separate application to withdraw.
- Subsection (e) provides that if an application for temporary work permit 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 must be complete also provides to for temporary licenses and a separate provision is unnecessary.
- Subsection (f) provides that if an applicant withdraws their application, the temporary license is likewise rendered invalid. This provision has been incorporated as subsection (g) of Section 12015. This is non-substantive change.

**Adopt Section 12122. General Provisions.**

This section provides provisions that apply to all temporary licenses.

- Subsection (a) provides that a temporary license will 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. Furthermore, 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.
  - Paragraphs (1)(A) and (B) provide 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 result in the automatic re-approval of the temporary license without requiring the applicant to reapply.
  - 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 and also with the requirement that a license be valid 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.

**Amend Section 12122. Criteria for the Issuance of Temporary Work Permit. (Section 12124. Temporary Employee Category Licenses.)**

Section 12122 is renumbered to Section 12124 and renamed Temporary Employee Category Licenses. This section currently applies 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 licenses and TPPPS worker licenses. 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 definitions discussed in that section.

- New Subsection (a) provides the conditions an applicant 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.
- 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 (c) is renumbered to be paragraph (2) of subsection (a). This subsection, now paragraph, 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 a ground for mandatory denial has been identified.
  - 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 based on 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) of subsection (a), formerly paragraph (2) of subsection (c), provides a list of convictions disqualifying the applicant if convicted of within the 10-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 other than the Commission to determine if a specific conviction involves dishonesty or moral turpitude.

- Paragraph (4) of subsection (a), formerly paragraphs (3) and (4) of subsection (c), provides 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) of subsection (a), 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.
- 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 issue an applicant a temporary license without the most basic verification of a fingerprint check is inappropriate and inconsistent with the Act's requirement to ensure only suitable individuals conduct controlled gambling or participate in providing third-party services.
- Subsection (e) is renumbered to be paragraph (6) of subsection (a). This provision provides that the Executive Director must 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 change to make the provision consistent with other changes.
- Subsection (a) continues:
  - 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, the applicant 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, for the purpose of applying for a new license (and therefore receiving a new temporary license).

- New subsection (b) provides the timeline through which the Bureau will 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 business 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 will recommend to the Executive Director if a temporary license should 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, 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 issue an applicant a temporary license without the most basic verification of a fingerprint check is inappropriate and inconsistent with the Act's requirement to ensure only suitable individuals conduct controlled gambling or participate in providing third-party services.
- Subsection (f) provides that an applicant will not receive 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).

**Repeal Section 12124. Effect of Denial or Cancellation of Temporary Work Permit.**

The repeal of this section is a non-substantive change as the provision is incorporated as subsection (e) of Section 12122.

**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 issue an applicant a temporary license without a fingerprint check is to issue a temporary license without even the most basic verification, which is inappropriate and

inconsistent with the Act's requirement to ensure only suitable individuals conduct controlled gambling or participate in providing third-party services.

**Adopt Section 12126. Temporary Owner Category 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 its general authority provided by the Act. Promulgating 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. This 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. Due to an unknown application review timeline it could be difficult for a potential purchaser to maintain its financing as it could take years. This is an impractical and unreasonable requirement, which is resolved by allowing a temporary license to be issued. This allows the transaction to be conducted but still maintains protections in case an applicant should behave improperly or ultimately be found 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 equal to the issuance of a temporary license. Currently, a TPPPS owner application is held to standards similar to a TPPPS employee level application. However, the standards are not the same. For example, an owner registration is issued for only a period of one year, whereas a TPPPS employee registration is issued for two years. This allows the Bureau and Commission the opportunity to more frequently examine the conduct of the business. The proposed change from the registration process to a temporary license process will result in an impact in the operation of a new TPPPS business license. Specifically, the applications will have a more in-depth initial examination. This examination is necessary and yet lacking in the current registration requirements. The change from a registration process to a temporary license process will also be advantageous to a TPPPS business license. For example, consistent with existing temporary license processes a TPPPS owner's temporary license will now be valid for a two-year period.

- Subsection (a) provides a list of items that will prevent the Commission from issuing 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. A temporary license is not a right or subject to the same due process standards of a regular license and can therefore be denied prior to an evidentiary hearing determining the applicant is unsuitable. It

would not be appropriate for the applicant to be working while their initial application is being considered. This standard is also included in temporary employee licenses as paragraph (2) of subsection (a) of Section 12122.

- Paragraph (2) provides a list of disqualifying convictions if convicted of within the 10-year period preceding the application. A temporary license is not a right or subject to the same due process standards of a regular license and can therefore be denied prior to an evidentiary hearing determining the applicant is unsuitable. It would not be appropriate for the applicant to be working while their initial application is being considered. 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 applied to temporary employee licenses in paragraph (5) of subsection (a) of Section 12122.
- Paragraph (4) provides that the applicant must hold any 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 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. 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 do 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 the Bureau must provide the Commission a copy of the transaction document associated with the application. This is necessary so that the

Commission can review the request alongside the Bureau's report in order to have the proper context for making their determination.

- Paragraph (2) provides that any information related to the disqualification items in subsection (a) that the Bureau might have, will 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 (3) provides that the report will 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 (4) provides that a copy of the lease agreement must be submitted. 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 (5) provides that if a business is making the request, the foundational documents are to 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 (6) provides that the Bureau will 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 an owner category license is requested is because an existing business, or portion thereof, 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 (7) provides that the Bureau will conduct a cursory financial review of the applicant's source of funds for any associated purchase. 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 recourse to operate in a manner consistent with the Act and regulations. The source and amount of funds available to the business directly impacts that business' 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 (8) provides that the Bureau must include copies of the applicant's application and supplemental forms. This information is necessary to assist the Commission with understanding the background of the applicant.



- Paragraph (9) provides that the Bureau will include information regarding any other areas of concern as it relates to possible violations of any laws or regulations associated with existing licenses. This is necessary as a history of violations related to licenses could directly impact the Commission's willingness to issue a future license.

**Amend Section 12128. Cancellation of Temporary Work Permit. (Section 12128. Cancellation or Conditioning of Temporary Licenses.)**

Section 12128 is renamed Cancellation or Conditioning of Temporary Licenses. This section currently only applies 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]. This change is non-substantive, with the necessity for the new definition discussed in that section.

- Subsection (a) is combined with subsection (b). The new subsection (a) 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 these contingent approvals 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 that entity's recommendation.
- Current paragraph (3), renumbered to 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 add conditions on 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. These provisions come from a provision dealing with the revocation of TPPPS

registrations and TPPPS licenses. Section 12200.18 requires a hearing; however, this is inappropriate for temporary licenses as a temporary license comes without an independent right and is 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 change.
- New paragraph (4) is moved from subdivisions (l) and (m) of Section 12200.18. These provisions come from a provision dealing with the revocation of TPPPS registrations and TPPPS licenses. Section 12200.18 requires a hearing; however, this is inappropriate for temporary licenses as a temporary license comes without an independent right and is 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 limited information and the Commission requires the flexibility to reevaluate its decisions when more information becomes available.

- Subsection (b), renumbered from subsection (c), 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 will notify the applicant, their associated owner category licensee, local law enforcement, and the Bureau that the applicant's 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 will require the associated owner category licensee to terminate the employment of any temporary licensee. This is necessary as an unsuitable person is unable to participate in specific activities. Once an

individual no longer has a valid temporary license, that individual cannot legally perform those functions.

- Paragraph (3) provides that the Executive Director notify the application that they are required 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.
- New subsection (c) provides direction to a temporary owner category licensee if one of the circumstances of subsection (a) applies to the temporary license. Unlike an employee license, a temporary owner category 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 cardroom because there is no longer a licensed owner. This would affect all licensed employees, or 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 owner category 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 provided in Section 12349, which is proposed to be changed to Section 12132.
  - Paragraph (1) provides that the holder of the temporary license will 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.
- 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 B&P Code sections 19870 and 19871.

**Amend Section 12201. Registration. (Section 12130. TPPPS Registration)**

Section 12201 is renumbered to Section 12130 and renamed TPPPS registration. Currently this section provides the registration process for TPPPS applicants. This process, as provided in Chapter 2.1, is much different than the licensing scheme for a cardroom and its employees. The registration process was developed as a short term solution when the program was initially

established. This allowed for TPPPS applicants to begin work 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 will now request a temporary license. However, as the process transforms, there may be registrations that expire in a timeline that does not allow them to be smoothly transitioned to the new licensure and temporary licensure processes. For those applicants, a different transition process is necessary.

- Subsection (a) provides two definitions for the purposes of this section. These definitions are:
  - “TPPPS registrant” is defined to mean a person having a valid TPPPS registration; and,
  - “TPPPS registration” is defined to mean 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 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), renumbered from subsection (a), 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 will 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 regulations. This allows a period sufficient to ensure that all registrants are aware of the new process and provides the time necessary to submit an application for licensure.
- Subsection (c), renumbered from subsection (b), provides that any renewal registration will 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 reduces the timeline to allow for the registrants to be promptly transitioned to the new license process.
- Subsection (d), renumbered from subsection (c), provides for the conditioning of the registration. This provision is revised to be consistent with the conditions provided on temporary licenses. This is necessary to assist in the transition from one process to another and to provide for the protections of those conditions. It is not a burden on the registrant, as the registrant will be subject to these conditions once transitioned to the new process, assuming they request and are issued a temporary license.

- Subsection (e), renumbered from subsection (d), provides that the standards of B&P Code section 19852 apply. B&P Code section 19852 was amended to add subdivision (f), adding limited liability companies and their owners, officers, managers, and members to the list of individuals required to obtain a state gambling license. When the statutory changes to B&P Code section 19852 were enacted, corresponding regulatory changes to subsection (e), now subsection (d), should have been made. This revision now corrects that oversight by making this provision consistent with B&P Code section 19852, as amended in 2010. The last sentence has been moved to Section 12102(b) and is discussed there.
- Subsection (f), renumbered from subsection (e), provides that a request for renewal of a TPPPS registration, 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), renumbered from subsection (f), provides for how a registrant can request renewal. The registrant is required to submit to the Bureau no later than 120 days prior to the expiration of the current registration, which includes 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 application for completeness and to request additional information. This timeline is consistent with the process for licenses under these proposed regulations.
- Subsection (i) provides that upon determining an application is complete; the Bureau will 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] will 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 already have their applications for licensure under review. Requiring these applicants to resubmit for licensure is an unnecessary process that creates a burden on the applicant's 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 different second set of regulations than those included for temporary licenses. Additionally,

this 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.

Article 4. Interim Owner Category License.

**Repeal Section 12130. Change in Place of Employment - Work Permit Transfer.**

Section 12130 provides a process for holders of a work permit to transfer the association of their work permit from one cardroom to another. This process has been replaced with what is proposed in Section 12110 and is no longer necessary.

**Repeal Section 12132. Processing Times for Application 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 12132. Article Definitions).**

Section 12349 is divided and renumbered to Sections 12132, 12134, 12136, 12138, and 12140. Section 12349 initially only applied to 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 continued operation of 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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

- Subsection (a) provides that this article uses the definitions of subsection (b) and 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 business licensees.
- Paragraph (1) provides the definition for “applicant” in the context of an interim license request. This definition is revised to provide clarification for who is eligible to request interim licenses 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 owner category 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 for what an eligible event must be in order to request an 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.

**Adopt Section 12134. General Provisions.**

- Subsection (b), renumbered to subsection (a), provides that a cardroom business licensee or TPPPS business licensee 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 license. This is necessary as an interim gambling business license is ultimately issued with limited 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 for the Commission to ensure that only suitable individuals participate in conducting controlled games 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) clarifies 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.

**Adopt Section 12136. Applications and Required Forms.**

- Paragraph (1) of subsection (c) of Section 12349 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.
- Paragraph (2) of subsection (c) is renumbered to subsection (b).
- 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 remains open, should the Commission for some reason be unable to issue a gambling business license because the application process will not be concluded by the expiration date of the interim gambling business license. Currently the Commission acts 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 licensee 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.

**Adopt Section 12138. Criteria.**

- Subsection (d) of Section 12349 is renumbered to subsection (a). This provision provides the processing timelines for the interim owner category license application. This provision is revised to be consistent with applying the provision to TPPPS owners. Additionally, a new 40-day timeline is provided for the Bureau's review. This period is within the currently existing 60-calendar day period provided for the Commission to approve. A 40-day 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 publicly 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.

**Adopt Section 12140. Conditions.**

Subsection (f) of Section 12349 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 to be consistent with applying the provision to TPPPS owners and make section references consistent with other proposed changes.

- Paragraph (1) of subsection (f) is renumbered to subsection (a). The provision is otherwise unmodified except to bring them into line with other changes to the regulations.
- Paragraph (2) of subsection (f) 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 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.
- Paragraphs (3) through (5) of subsection (f) are renumbered to subsections (c) through (e). These provisions are otherwise unmodified except to bring them into line with other changes to the regulations.
- Paragraph (6) of subsection (f) is renumbered to subsection (f). This provision is revised to 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, it is necessary to add the proposed language to clarify the purpose of the provision.
- Paragraphs (7) through (10) of subsection (f) are renumbered to subsections (g) through (j). These provisions are otherwise unmodified except to bring them into line with other changes to the regulations.

Article 5. Surrender or Abandonment of Cardroom Business License.

**Repeal Section 12140. Replacement Work Permit Badges.**

Section 12140 provided a process to replace a work permit badge. This process is being replaced by a general process available to all license types in Section 12108. Due to this new provision, this section is no longer necessary.

**Repeal Section 12142. Processing Times for Application to Replace Work Permit Badge.**

Section 12142 provided a process to replace a work permit badge. This process is being replaced by a general process available to all license types in Section 12108. Due to this new provision, this section is no longer necessary.

**Amend Section 12347. State Gambling License; Surrender; Abandonment. (Section 12142. Cardroom Business License; Surrender; Abandonment.)**

Section 12347 is renumbered to Section 12142 and retitled “cardroom business license; Surrender; Abandonment.” 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 12144. Cardroom Business License: Prior Surrender or Abandonment.)**

Section 12348 is renumbered to Section 12144 and retitled “cardroom business license; Prior Surrender or Abandonment.” 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.

Chapter 2.1. Third-Party Providers of Proposition Player Services: Registration; Licensing.

Article 1. Definitions and General Provisions.

**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.

- Subsection (a) provides that the definitions of Section 12002 and the Act apply to this chapter.
- Subsection (b) provides the specific definitions for Chapter 2.1.
  - Paragraph (1) 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) provides a definition for “applicant.” This definition focuses 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) provides a definition for “authorized player.” This definition is moved to Section 12002(d). This definition is modified to be consistent with other changes to the provisions. These changes are non-substantive changes without regulatory 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) 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) 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) 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) 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) 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) 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) 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) 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) 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) provides a definition for “proposition player contract.” This definition has been moved to Section 12002(aq). The term is changed to “TPPPS contract” as this makes the definition consistent with other changes to the provisions. These changes are non-substantive changes without regulatory effect.
- Paragraph (20) provides a definition of “rebate.” This definition has been moved to Section 12250(b)(12). 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 changes without regulatory effect.
- Paragraph (21) 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) 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) 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) provides a definition for “supervisor.” This definition has been moved to Section 12002 and renamed “TPPPS Supervisor.” Any changes to this definition are discussed in Section 12002.
- Paragraph (25) 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 Category License and Application for Owner Category License forms.

- Paragraph (26) 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 (27) provides a definition for “TPP.” This term is obsolete and unnecessary and has therefore been repealed.
- Paragraph (28) 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. Badge.**

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 are 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 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 licensee 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) provides 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 10 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, 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 have been removed.

Article 2. Registration.

**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 an initial TPPPS registration. This process is repealed as the TPPPS licensing process has been incorporated and made consistent with the other licensing processes which provide for the issuance of 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 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 player 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 criteria for requesting a temporary TPPPS player 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 processing times for requesting a temporary 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 conditions for the cancellation of a temporary 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 the ineligibility requirements for receiving 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 transitioning a TPPPS registration to a TPPPS license. 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.

Article 3. Licensing.

**Repeal Section 12218. Request to Convert Registration to License.**

Section 12218 provides for converting a TPPPS registration to a TPPPS license. 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 licensing of subsequent TPPPS registrants after the primary owner has transitioned to a TPPPS license. 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 conversion of a TPPPS registration to a TPPPS license. 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 of a TPPPS 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 12218.9. Processing of Applications for Renewal License.**

Section 12218.9 provides for renewals of a TPPPS 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 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 change without regulatory effect.

Chapter 2.2. Gambling Businesses: Registration; Licensing.  
Article 1. Definitions and General Provisions.

This Chapter is proposed to be repealed. Prior to the adoption of B&P Code section 19984, individuals, or an organization of individuals, provided proposition player services to cardroom business licenses. With the adoption of B&P Code section 19984, the Legislature mandated 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 licensee. This requirement was reflected in the approval of Chapter 2.1. When the original regulations were contemplated, a need was seen to allow for and regulate entities that provided proposition player services for a cardroom business licensee without a contract, which are identified as gambling businesses pursuant to this chapter. This Chapter provides these requirements.

Due to the nature of the marketplace, the original presumed 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. This limited participation does not provide sufficient participation for the Bureau and Commission maintain active programs and is therefore proposed to be repealed.

**Repeal Section 12220. Definitions.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12220.1. Certificate.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12220.3. Badge.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12220.5. Replacement of Badge.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12220.6. Transfer or Reinstatement of Player Registration or License; Issuance of Additional Badge.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12220.14. Organization Chart and Employee Report.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12220.15. Transfers and Sales.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12220.17. Emergency Orders.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12220.18. Revocation.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12220.20. Annual Fee.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12220.20a. Annual Fee as Applied to those Registered or Licensed Under Chapter 2.1.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

Article 2. Registration.

**Repeal Section 12221. Registration.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12222. Application for Registration.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12223. Processing of Applications for Initial and Renewal Registration.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12224. Ineligibility for Registration.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12225. Cancellation of Registration.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12225.1. Transition to Licensing.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

Article 3. Licensing.

**Repeal Section 12233. Request to Convert Registration to License.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12235. Processing Times - Request to Convert Registration to License.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12236. Ineligibility for Licensing.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12237. Term of License.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12238. License Renewals.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

**Repeal Section 12239. Processing of Applications for Renewal License.**

Consistent with the repeal of Chapter 2.2, this provision has been repealed.

Chapter 3. Conditions of Operation for TPPPS Businesses.  
Article 1. General Provisions.

**Amend Section 12250. Definitions.**

Section 12250 provides definitions for the chapter that specifies conditions of operation for TPPPS business licensees. This section is amended to reflect other changes to defined terms and the repeal of Chapter 2.2 related to gambling businesses. One definition is 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 12252. TPPPS 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 licensee 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) provides that no later than September 1 of every year, each TPPPS business licensee 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 licensee and the removal of the registration process. These changes are non-substantive 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 to subsection (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 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 licensee and the removal of the registration process. These changes are non-substantive changes for consistency.

- Subsection (d), renumbered to subsection (c), provides that a TPPPS business licensee 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, it is repealed with paragraph (1) being renumbered to subsection (c). This is a non-substantive change.
- Subsection (e), renumbered to subsection (d), provides that should a TPPPS business licensee 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 change without regulatory effect.
- Subsection (f), renumbered to subsection (e), provides for the determination and payment of TPPPS annual fees in cases where the TPPPS business licensee either increases the number of associated owners and employees after the August 1 determination date or the business was not in operation on August 1.
- Paragraph (1) provides that when a TPPPS business licensee increases the number of associated owners and employees, the TPPPS business licensee must provide 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 licensee and the removal of the registration process. These changes are non-substantive 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 a portable 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. Additionally, 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 for which TPPPS business licensee will be inclined to provide timely payment.

- New Paragraph (2) would provide that when a TPPPS business licensee is first issued its TPPPS business license, either as an initial license or as a temporary license, the TPPPS business licensee is required to pay its annual fees prior to the issuance of its TPPPS certificate. This provision provides clarity for how a TPPPS business licensee 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 to subsection (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 payments 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 licensee with the flexibility to pay their fees over the year.
- Subsection (g), renumbered to subsection (f), provides that a TPPPS business license will not be renewed by the Commission if the TPPPS business licensee is delinquent on its annual fees. This section is revised to include clarifying language without regulatory effect.
- Subsection (h), renumbered to subsection (g), provides that a TPPPS business licensee 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 licensee instead of an extension of the current contract). Additionally, if a TPPPS business licensee 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. (Section 12254. 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. Transfers and Sales. (Section 12256. Transfers 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 made to the defined terms. All of the changes in this section are non-substantive changes for consistency and are without regulatory effect.

## Article 2. Playing Books

### **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 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 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 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. Additionally, the form has been renumbered to CGCC-CH3-01 (New. 05/20). This change is non-substantive, with the necessity for the new definition discussed in that section.

## Article 3. TPPPS Contracts

### **Amend Section 12200.7. Proposition Player Contract Criteria. (Section 12270. TPPPS Contract Criteria.)**

This section is renumbered to Section 12270 and renamed to TPPPS Contract Criteria. This section provides for the contract criteria between a cardroom business licensee and a TPPPS business licensee 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 changes for consistency and are without regulatory effect.

### **Amend Section 12200.9. Review and Approval of Proposition Player Contracts. (Section 12272. Review and Approval of TPPPS 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 changes for consistency and are without regulatory effect. Additionally, the form has been renumbered to CGCC-CH3-02 (New. 05/20).

**Amend Section 12200.10A. Expedited Review and Approval of Proposition Player Contracts. (Section 12274. Expedited Review and Approval of TPPPS 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 changes for consistency and are without regulatory effect.

**Amend Section 12200.10B. Review and Approval of Amendments to Proposition Player Contracts. (Section 12276. Review and Approval of Amendments to TPPPS 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 changes for consistency and are without regulatory effect.

**Amend Section 12200.11. Extension of Proposition Player Contracts. (Section 12278. Extension of TPPPS 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 changes for consistency and are without regulatory effect.

Article 4. Security and Use of Player's Banks

**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 changes for consistency and are without regulatory effect.

Article 5. Compliance

**Amend Section 12290. Compliance.**

Section 12290 provides requirements a TPPPS business licensee 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 changes for consistency and are without regulatory effect.

Chapter 4. Gambling Equipment Manufacturers or Distributors.

**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. (Section 12309. Forms; Fees)**

This section is renamed Forms; Fees. This section is revised to be consistent with the repeal 12008. As previously discussed, the fees of Section 12008(f) have been moved to this section. This change is a 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.

Chapter 5. Accounting and Transaction Approvals.  
Article 1. Accounting and Financial Reporting.

**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 but 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 Gambling Enterprises. (Section 12315. Records and Reports of Monetary Instrument Transactions for Cardroom Business Licensees.)**

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.



Chapter 6. Gambling Licenses and Approvals for Gambling Establishments and Owners;  
Portable Personal Key Employee Licenses.  
Article 1. Definitions and General Provisions.

This Chapter is proposed to be repealed. Currently this chapter provides licensing processes for the owners of cardrooms and key employees. With the merger of all licensing processes into Chapter 2, the provisions of this chapter are no longer needed and are either moved, repealed, or incorporated into other provisions.

**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.

- Subsection (a) provides that the definitions of Section 12002 and the Act applied to this chapter.
- Subsection (b) provides the specific definitions for Chapter 6.
  - Paragraph (1) 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 is no longer needed. Chapter 2.1 provides for TPPPS annual fees, which are not a derivative of the section of the Act referenced 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 the TPPPS annual fee.
  - Paragraph (2) 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 refer 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.

Article 2. Gambling Licenses.

**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 the 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 is 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 statutory repetition 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:
  - Paragraph (1) provides that the fee applies to the initial issuance of a provisional license. This provision unnecessarily repeats B&P Code section 19951(b)(2)(C); therefore, its repeal is a non-substantive change without regulatory effect.
  - 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:
  - 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 not be paid by these types of gambling business licensees.
  - 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 licensees.

**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 will be denied.
  - 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.
  - Paragraph (2) provides that if a local ordinance does not conform to B&P Code section 19860 then 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.
  - Paragraph (1) provides for situations involving subdivision (a) of B&P Code section 19862. This has been maintained as subsection (e) of Section 12040.
  - Paragraph (2) provides that an applicant that has attempted to or has communicated in an *ex parte* fashion may have their application 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 is being repealed.
  - 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 being repealed.
  - 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 being 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 revocation authority as paragraph (1) of subsection (d) of Section 12554. Because the provision is repetitious, it is unnecessary and is being repealed.

### Article 3. Portable Personal Key Employee License

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

Section 12350 provides 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 Application for a Key Employee License.**

Section 12355 provides for 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 will be denied.
  - 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 sufficient specificity. 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.
  - Paragraph (1) provides that an applicant 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 is being repealed.
  - Paragraph (2) provides examples of possible items that could fall under B&P Code section 19856. This list provides no actual regulatory effect and so is being repealed.
  - Paragraph (3) provides examples of possible items that could fall under B&P Code section 19857. This list provides no actual regulatory effect and so is being 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, is being repealed.

Chapter 7. Conditions of Operation for Gambling Establishments.  
Article 1. General Provisions.

**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 being repealed and the references to licensee have been amended to 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.**

Section 12362 provides a process whereby individuals can be reported for inclusion on the statewide involuntary exclusion list. The terms used in this section and attached form [CGCC-CH7-01 (New 05/20)] have been updated to be consistent with other changes to definitions, as provided in Section 12002. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

**Amend Section 12364. Relocation of Gambling Establishment.**

Section 12364 provides a process whereby a cardroom can get approval to change physical locations. The terms used in this section and attached form [CGCC-CH7-02 (New 05/20)] have been updated to be consistent with other changes to definitions, as provided in Section 12002. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

**Amend Section 12357. Annual Fee. (Section 12368. Cardroom Business License Annual Fee)**

Section 12357 is renumbered to Section 12368 and renamed to Cardroom Business License Annual Fee. This section and associated form [CGCC-CH7-03 (New 05/20)] provide for the payment of the annual fee required by B&P 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 B&P 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 financial 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 B&P Code section 19951, subdivision (e), which provides that the Bureau may provide for installment payments. The installment process requires that:
  - The cardroom business license provides a written request to the Bureau before the end of their financial year.
  - The Bureau must approve or deny the request within 30 calendar days.
  - 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 financial 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 licensee's financial reporting. The final payment at 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 financial year. The 180-day payment is halfway between the first and last payment.

This provision is necessary as B&P Code section 19951, subdivision (e), provides for the installment plan; however, 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), formerly subsection (b), provides that the cardroom business licensee 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), formerly subsection (c), provides that if the full payment is not properly made, the cardroom business licensee may be subject to closure and the surrender of the license. This provision is amended to include the installment payments, requiring that those payments be made on time or else the cardroom business licensee is subject to closure or

surrender. This is necessary to clarify that the requirements of B&P Code section 19955 apply to the installment process as well.

**Amend Section 12220.23. Exclusion. (Section 12369. Prohibited Player-Dealer Participation; Exclusion.)**

Section 12220.23 is renumbered to Section 12369 and renamed Prohibited Player-Dealer Participation. This section provides that a cardroom business licensee 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 gambling businesses 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.

- Subsection (a) has been unnumbered. The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. These changes are non-substantive, with the necessity for the new definitions discussed in that section.
- Subsection (b) is repealed. This provision provides an allowance that a cardroom may exclude a gambling business and if it does so must notify the Commission and Bureau. With the repeal of gambling businesses this provision has become unnecessary.

Article 2. Emergency Preparedness, Security and Surveillance Plans.

**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. These changes are non-substantive, with the necessity for the new definitions 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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

Article 3. Minimum Internal Control Standards (MICS) for Cardroom Business Licensees.

**Amend Section 12380. Minimum Internal Control Standards; General Terms, Conditions, Definitions.**

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

- Subsection (g) provides that cardrooms must have established and implemented the policies and procedures required by this section no later than April 1, 2010. As this date has past, this sunrise provision is no longer necessary and is being repealed.

**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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

- Subsection (d) provides that cardrooms must have established and implemented the policies and procedures required by this section no later than April 1, 2010. As this date has past, this sunrise provision is no longer necessary and is being repealed.

**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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

- Subsection (f) provides that cardrooms must have established and implemented the policies and procedures required by this section no later than April 1, 2010. As this date has past, this sunrise provision is no longer necessary and is being repealed.

**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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

- Subsection (e) provides that cardrooms must have established and implemented the policies and procedures required by this section no later than April 1, 2010. As this date has past, this sunrise provision is no longer necessary and is being repealed.

**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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

- Subsection (d) provides that cardrooms must have established and implemented the policies and procedures required by this section no later than April 1, 2015. As this date has past, this sunrise provision is no longer necessary and is being repealed.



**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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

**Amend Section 12391. Gambling Floor Operation.**

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

- Subsection (c) provides that cardrooms must have established and implemented the policies and procedures required by this section no later than May 1, 2013. As this date has past, this sunrise provision is no longer necessary and is being repealed.

**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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

- Subsection (c) provides that cardrooms must have established and implemented the policies and procedures required by this section no later than May 1, 2013. As this date has past, this sunrise provision is no longer necessary and is being repealed.

**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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

- Subsection (c) provides that cardrooms must have established and implemented the policies and procedures required by this section no later than December 1, 2011. As this date has past, this sunrise provision is no longer necessary and is being repealed.

**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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

- Subsection (f) provides that cardrooms must have established and implemented the policies and procedures required by this section no later than December 1, 2011. As this date has past, this sunrise provision is no longer necessary and is being repealed.

Article 9. Program for Responsible Gambling.

**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. These changes are non-substantive, with the necessity for the new definitions 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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

**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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

**Amend Section 12463. Self-Restriction Program.**

The terms used in this section and the attached form [CGCC-CH7-04 (New 05/20)] have been updated to be consistent with other changes to definitions, as provided in Section 12002. The form has been renumbered to match the new form number scheme. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

**Amend Section 12464. Self-Exclusion Program.**

The terms used in this section and the attached form [CGCC-CH7-05 (New 05/20)] have been updated to be consistent with other changes to definitions, as provided in Section 12002. The form has been renumbered to match the new form number scheme. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

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

The terms used in this section and the attached form [CGCC-CH7-06 (New 05/20)] have been updated to be consistent with other changes to definitions, as provided in Section 12002. The form has been renumbered to match the new form number scheme. These changes are non-substantive, with the necessity for the new definitions 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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

Article 10. Gaming Tables.

**Amend Section 12358. Request for Additional Temporary Tables for Tournaments or Special Events. (Section 12470. Request for Additional Temporary Tables for Tournaments or Special Events.)**

Section 12358 is renumbered to Section 12470. This section and the associated form provide for the temporary issuance of tables for special events. 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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

- The new form, Cardroom Business License: Gaming Tables, CGCC-CH7-07 (New 05/20), is a combination of forms BGC-024 (Rev. 04/13) [permanent tables] and BGC-027 (Rev. 07/17) [temporary tables]. This new form does not request any additional information that is not currently required on those two forms.

The new form adds space for a cardroom to request a reduction of tables. Currently, the Commission has a policy that allows for a request for reduction in permanent tables. By including this policy on the form, it will provide a clear and consistent process.

- Subsection (f) would provide the fee for requesting a temporary increase in tables. This fee is currently provided on BGC-027. Including the fee here instead is a non-substantive change and will allow for the form to be more streamlined as it is expanded to include other processes.

**Amend Section 12359. Request for Additional Permanent Tables. (Section 12472. Request for Additional Permanent Tables.)**

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

**Adopt Section 12474. Reduction in Permanent Tables**

Section 12474 provides for a method through which a cardroom business licensee is able to reduce its number of permanent tables. This process currently exists and is handled on a case-by-case basis. Formalizing the process provides for clarity and consistency amongst all licensees. The terms used in this section are updated to be consistent with other changes to definitions, as provided in Section 12002. These changes are non-substantive, with the necessity for the new definitions 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 described as the merger of 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 reasserted without harm to the applicant.
- Subsection (c) provides that the Bureau has 10 calendar days after 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 licensee has already been approved by the Commission to operate a specific number of tables and thus, has been authorized to operate any number of tables less than the approved number. This means that the request does not need to go back to the Commission for approval.
- Subsection (d) provides that a reduction of tables will 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.

#### Chapter 8. Bingo.

##### Article 2. Manufacturers, Distributors, and Vendors of Bingo Equipment, Devices, Supplies, and Services.

###### **Amend Section 12492. Interim Licenses; Initial and Renewal; Conditions.**

This section is revised to update the form used to request live scan service, as previously discussed. This change is non-substantive with no regulatory effect.

##### Article 10. Remote Caller Bingo Interim Licenses and Interim Work Permits.

###### **Amend Section 12500. Interim Licenses; Initial and Renewal; Conditions.**

This section is revised to update the form used to request live scan service, as previously discussed. This change is non-substantive with no regulatory effect.

###### **Amend Section 12503. Interim Work Permits; Initial and Renewal; Conditions.**

This section is revised to update the form used to request live scan service, as previously discussed. This change is non-substantive with no regulatory effect.

#### Chapter 10. Discipline, Hearings, and Decisions.

###### **Amend Section 12550. Purpose and Scope.**

This section is revised to be consistent with other proposed changes. This is non-substantive change 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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

- Subsection (a) included the Summary Chart of Disciplinary Guidelines, form CGCC-12554. This form, while adopted in regulation, had no effect as it was only a restatement of the other provisions in Chapter 10. Additionally, it had not been properly updated as changes had been made to Chapter 10, creating a conflict between the summary and the actual regulatory provisions. Due to this, the form is being repealed. This is a non-substantive change.
- Subparagraph (E) of paragraph (7) of subsection (d) is repealed. This provision deals with gambling businesses and its repeal is consistent with the repeal of Chapter 2.2.

**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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

- Subsection (l) provides that a violation by an employee of a TPPPS business licensee 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 business licensees, and to include independent contractors in addition to employees. These revisions make the standards applied to TPPPS business licensees and cardroom business licenses consistent with the existing standards applied to gambling businesses [existing subsection (n)]. 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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

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

This section is renamed Disciplinary Guidelines for Third-Party Proposition Player Services Licensees. The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

Additionally, this section uses the term gambling establishment to refer to a licensed entity. The gambling establishment is the location where the controlled game is conducted and is not an entity that is able to act in any way. In these instances, the references to the gambling establishment acting in any way have been corrected to cardroom business licensee.

- Paragraph (21) of subsection (b) is repealed and replaced. This provision currently makes reference to subsections of Section 12200.18. Instead of referencing Section 12200.18, the provisions are being added to this section as paragraphs (21) through (27). The provisions

are non-substantively modified to maintain proper and consistent language with the rest of the section.

- Paragraph (9) of subsection (c) is repealed and replaced. This provision currently makes reference to subsections of Section 12220.18. Instead of referencing Section 12220.18, the provisions are being added as paragraphs. The provision is non-substantively modified to maintain proper and consistent language with the rest of the section.
- Paragraph (9) of subsection (d) is repealed and replaced. This provision currently makes reference to subsections of Section 12200.18. Instead of referencing Section 12200.18, the provisions are being added to this section as paragraphs (9) through (16). The provisions are non-substantively modified to maintain proper and consistent language with the rest of the section.

**Repeal Section 12562. Disciplinary Guidelines for Gambling Business Licensees 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 being repealed.

**Amend Section 12564. Disciplinary Guidelines for Manufacturers 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. (Section 12566. Disciplinary Guidelines for Cardroom Owner Type Licenses.)**

Section 12566 is renamed to Disciplinary Guidelines for Cardroom Owner Type Licenses. The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

- Paragraph (5) of subsection (c) provides that a cardroom business licensee 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. While not referenced, this provision is linked to the requirement of Section 12220.23, renumbered to Section 12369. With the repeal of the definition of gambling business, this provision is being amended to reference a business organization of a type identified in Section 12005. A cardroom business licensee is ultimately responsible for the activities in their cardroom and ensuring that the gaming activities they offer are consistent with regulation.

Additionally, the limitation of having been previously disciplined by the Commission for this violation has been repealed. Discipline for a violation of this type is not mentioned elsewhere in this chapter and so it is unclear how a first violation would be punished. As this provision allows for a scale of punishments, removing this limitation does not mandate the most severe punishment for a first offense. Additionally, if a provision was instead added to

only cover a first offense, this would not necessarily eliminate the possibility of a severe punishment as all provisions allow for the maximum punishment of license revocation.

**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. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

Chapter 11. Conflicts of Interest.

**Appendix B**

The terms used in this section are being updated to be consistent with other changes to definitions, as provided in Section 12002. These changes are non-substantive, with the necessity for the new definitions discussed in that section.

**REQUIRED DETERMINATIONS:**

**Local Mandate:**

A mandate is not imposed on local agencies or school districts.

**Underlying Data:**

Technical, theoretical, or empirical studies or reports relied upon: None

**Business Impact:**

The Commission has made a determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. This determination is based on the following facts or evidence/documents/testimony:

While this regulation does create some new requirements and costs to cardroom and TPPPS businesses, such as the requirement that owners and employees applying for a renewal license submit for fingerprint scanning. The new costs are not substantial and cut across the entire cardroom and TPPPS industry. This regulation will reduce the number of applications required; reducing some costs for cardroom and TPPPS businesses. Additionally, the repeal of the current gambling business licensing structure will only impact a single business, which is also operating as a TPPPS. The specific estimated impact is as follows:

**Section 12005. Prohibited Player-Dealer Participation.**

The proposed action includes the repeal of Chapter 2.2 of the Commission's regulations. This chapter provides for a licensing structure for gambling businesses, which are businesses that hire employees to act as the player-dealer in controlled games when the business has no contract or other relationship with the cardroom. Alongside the repeal of Chapter 2.2, proposed Section 12005 would prohibit the hiring of employees or contractors for participating as the player-dealer

without a TPPPS contract. Due to this prohibition, the existing gambling businesses will be unable to operate without obtaining cardroom contract and becoming a TPPPS business.

Since 2014, there has only been one gambling business licensed or registered with the Commission. Utilizing information provided by this single gambling business over an average of the last four years, the Commission estimates the impact to the business would be an average of **\$206,603** in reduced income. Additionally, the business will average a savings of **\$12,666** in badge fees to the Commission that will no longer be required.

#### Section 12080. Requirements.

Existing regulations limit a designated agent to representing an owner of a cardroom, TPPPS, or gambling business. The proposed regulation would expand the use of a designated agent to all license types. While the use of a designated agent would come with costs, the use of a designated agent is not required and is therefore not a cost imposed by these regulations.

#### Section 12102. General Provisions.

Existing regulations have required that all employees of a cardroom be licensed as either a key employee or work permittee, but are ambiguous about the nature of employees employed by another company that are utilized by the cardroom through a contract. The proposed regulations would explicitly require these contract employees and their supervisors be equivalently licensed or work permitted to those employees acting in the similar capacities. The Commission conducted a survey of cardrooms to determine if any contracted employees would require licensure. Of the 17 cardrooms for whom the Commission is responsible for issuing work permits, two responded, reporting the use of zero contract employees. Additionally, of the cardrooms for whom the Commission does not issue work permits, three indicated the use of contract employees. Of those three, zero indicated that the contract employees reported to someone who would now be required to be licensed. Therefore, the Commission anticipates that this proposed regulation will have no fiscal impact.

#### Section 12106. Badges

Current regulations do not require an owner of a cardroom to wear a badge. Under this proposed action, owners would be required to wear a badge in certain situations. Owners would therefore have the option of requesting a badge as part of their application for licensure. Under the proposed regulations those who work in a cardroom would be required to have a badge. The fee for a badge is \$25. The Commission conducted a survey of cardrooms to determine the impact. Of the 48 responses, nine were natural person cardroom owners. Of these nine respondents, six indicated that the proposed regulations would require them to request a badge. Based on this ratio, and the average 135 licensed natural person cardroom owner applications received each year, the Commission estimates that 90 additional individuals would be required to request a badge at a total annual cost of **\$2,250**.

Current regulations do not require a badge holder to return a badge that has expired, except for key employee licenses, which must only return their badge if requested to do so. The proposed regulations would require that all badges be returned within 30 days of expiring or otherwise becoming invalid. Using historical Commission workload, the Commission estimates that



approximately 4,400 badges are issued in a year. It is reasonable to assume that badges are returned at a similar rate either due to individuals leaving their jobs or due to the licenses expiring. While the Commission does expect to see a slight decrease due to the new portability of Commission work permits and TPPPS employee licenses, this value is hard to quantify. When the Commission issues badges, these badges are sent by mail and require \$.50 in postage and it is reasonable to assume a similar cost on the badge holders when returning the badge. This would result in a total annual cost of **\$2,200**.

#### Section 12110. Change in Employment Status.

The additional cost comes from the new requirement for an owner to submit the form CGCC-CH2-03 (New 05/20) when an employee category licensee ceases to be employed by the cardroom or TPPPS. The calculations used in estimating these savings were determined from a survey of applicants. Of the 48 applicants who submitted information, eight respondents each provided the number of employees who separated in 2019 and the estimated cost to complete the required forms for those who separated in 2019. This created a cost per application amount, which averaged \$198 across the eight cardrooms. Using the historical information of the Commission, a five-year average total employee separation value 2,031 employees was determined. Comparing the average industry wide separation value of 2,031 employees to the average per-form cost of \$198 would result in an annual cost of **\$402,138**.

#### Section 12200.14. Organization Chart and Employee Report

Currently third-party providers are required to submit an organizational chart with their initial application and each renewal of their registration. The repeal of this section removes that requirement. The Commission conducted a survey of applications. Of the 48 applicants who submitted information, three provided information related to the costs of submitting this report. An average of those indicated costs provides an average cost of \$100 to prepare and submit the report. Based upon historical submittal of applications, the Commission estimates that, on average, 19 applications are submitted to the Commission each year. This would result in an annual savings of **\$1,900**.

#### Section 12342. Initial Gambling License Applications; Required Forms; Processing Times. (Section 12112. Initial License Applications; Required Forms.)

Existing regulations require a person applying for a second license to submit a separate and distinct application. This means that if someone wishes to apply to own two different cardrooms, that person would be required to submit two complete applications. The proposed regulations would provide that a person applying for a second license does not need to provide duplicate information, where it was already provided on a previous application.

The Bureau has indicated that there will be additional cost to applicants who apply for a second license as this change would result in the Bureau having the additional work of comparing the new application to all prior applications. The Bureau estimates that 198 employee applications per year would require an additional three hours of work. Additionally, the Bureau estimates that 40 owner applications per year would require an additional five hours of work. The Bureau classifies the identified work as chargeable to an applicant's background deposit at a rate of \$76 per hour. This would result in an annual cost of **\$60,334**.

Section 12345. Gambling License Renewals; Processing Times. (Section 12114. Renewal License Applications; Required Forms.)

Existing regulations only require an applicant to submit a Live Scan form with an initial application. The proposed regulations would require a Live Scan to be submitted with a renewal application. The Commission conducted a survey of applicants. Of the 48 applicants who submitted cost information, 31 provided information related to their Live Scan operators, including costs. The average of those indicated live scan costs is \$63. Based upon historical submittal of renewal applications, the Commission estimates that on average of 3,449 renewal applications are submitted to the Commission each year. This would result in an annual cost of **\$217,256**.

Section 12126. Temporary Owner Category License.

Existing regulations do not provide owners of cardrooms the opportunity to apply for temporary licenses. The proposed regulations would allow for such an application. This would provide a prospective owner the opportunity to obtain a temporary license, which could result in an increase in some costs or income to the applicant and the person from whom they have purchased ownership. The request for a temporary license is optional and therefore any costs or income would not be required due to the proposed regulation.

Article 4. Interim Owner Category License

Existing regulations provide that cardrooms, which would otherwise be required to close due to a specified event to apply for an interim license to allow the business to remain open. The proposed regulations would expand this process to TPPPS businesses. This proposal would provide an undefined savings to the business. Rather than ceasing operations, the business would instead be allowed to remain in operation, paying staff, etc. The interim license application process does not include any additional fees, though it is possible the Bureau may require additional background deposits under its own authority. However, as the specifics and benefits received by the business from this process are unique in every situation, the Commission is not able to estimate the savings associated with this proposal.

**Specific Technologies or Equipment:**

The proposed action does not mandate the use of specific technologies or equipment.

**Economic Impact Assessment/Analysis:**

**Impact on Jobs/New Businesses:**

The Commission has determined that this regulatory proposal will not have a significant impact on the creation of new jobs or businesses, the elimination of jobs or existing businesses, or the expansion of businesses in California. For this purpose, the consolidated small business definition provided in Government Code section 11346.3, subdivision (b), paragraph (4), was utilized.

While this regulation does create some new requirements and costs to cardroom and TPPPS businesses, such as the requirement that owners and employees applying for a renewal license

submit for fingerprint scanning. However, these new requirements do include additional costs. The new costs are not substantial and cut across the entire cardroom and TPPPS industry.

The repeal of Chapter 2.2 and the registration and licensing of gambling businesses will result in the single gambling business no longer being able to operate. The gambling business has employed an average of two supervisors and four players over the last four years with an annual average wage of \$296,000. The owners of the gambling business also possess a TPPPS business license so it is possible that these individuals will find employment under the TPPPS business.

**Health and Welfare of California Residents:**

It has been determined that the proposed action will protect the health, safety, and general welfare of California residents by aiding and preserving the integrity of controlled gambling.

**Worker Safety:**

It has been determined that the proposed action will not affect worker safety because it has nothing to do with working conditions or worker safety issues.

**State's Environment:**

It has been determined that the proposed action will not affect the State's environment because it has nothing to do with environmental issues.

**Consideration of Alternatives:**

No reasonable alternative to the regulations would be more effective in carrying out the purpose for which the action is proposed, would be as effective as and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Set forth below are the alternatives that were considered and the reasons each alternative was rejected:

- Do not allow designated agents to pay any sum on behalf of an applicant, licensee, or holder of a work permit: The first alternative considered and rejected by the Commission was to prohibit a designated agent from paying any sum to the Bureau on behalf of an applicant, licensee, or holder of a work permit. If a designated agent paid sums to the Bureau, then the Bureau would not have a complete understanding of the source of funds because the Bureau does not receive information on who may or may not be paying a designated agent on behalf of the applicant, licensee, or holder of a work permit. Additionally, the payment of such funds could indicate that the designated agent is a funding source or holds significant influence over an owner category licensee for whom a designated agent has paid fees. If so, this could require the licensure of the designated agent as an owner. Concern was expressed that it is not uncommon for agents, such as lawyers, to hold special accounts or billing options for a client for the purpose of paying fees and that the proposed rule would unnecessarily restrict this normal business practice.

- Require notice of reimbursement to a designated agent for any sum paid on behalf of an applicant, licensee, or holder of a work permit: The second alternative considered and rejected by the Commission was to require a designated agent show that they received reimbursement for any fees paid on behalf of a client. If a designated agent paid sums to the Bureau, than the Bureau would not have a complete understanding of the source of funds. The payment of such funds could indicate that the designated agent is a funding source or holds significant influence over an owner category licensee for whom a designated agent has paid fees. If so, this could require the licensure of the designated agent as an owner. Concern was expressed that it is not uncommon for agents, such as lawyers, to hold special accounts or billing options for a client for the purpose of paying fees and that the proposed rule would unnecessarily burden this normal business practice.
- Require the licensure of contract employees who act in a role that would require licensure if directly employed: The third alternative considered and rejected by the Commission was to only require individuals working for an owner category licensee, who are not directly employed by the owner category licensee, to be licensed but to not require the licensure of any person working outside of the gambling establishment to be licensed even if they have some measure of control over the licensed individual. Concern was expressed that this would place unlicensed individuals in a position to control the number of individuals in a gambling establishment along with their actions. This would put an unlicensed person in the position to know sensitive information that could be used to weaken the internal security of a gambling establishment.
- Require the licensure of contract employees who act in a role that would require licensure if directly employed, along with any supervisor or person who has authority, whether or not exercised, to direct the actions of a licensee or holder of a work permit: The fourth alternative considered and rejected by the Commission was to require individuals working for an owner category licensee who are not directly employed by the owner category licensee to be licensed along with any person who could possibly exercise control over those individuals, either directly or through a subordinate. Concern was expressed that this could create a massive burden on outside firms providing services to an owner category licensee and capture individuals who conceivably could exercise control, but would not be doing so, as part of their normal work functions and if attempted to do so would be doing so through a supervisor who was licensed.
- Require a TPPPS category licensee to wear a badge while present in any gambling establishment: The fifth alternative considered and rejected by the Commission was to require a TPPPS category licensee to wear a badge while present in any gambling establishment, whether or not there was any associated TPPPS contract to provide services. This option was to maintain the status quo. Concerns were expressed that this provides an unreasonable burden on a TPPPS category licensee, as they are required to maintain their badge in an accessible place at all times or else be prohibited from entering a facility. Additionally, wearing a badge when entering that gambling establishment as a patron is confusing to patrons and results in the opposite of what a badge is intended for (to make it clear to a patron which people seated at the table are working and for whom).