

**TITLE 4.**  
**CALIFORNIA GAMBLING CONTROL COMMISSION**  
**NOTICE OF PROPOSED REGULATORY ACTION**  
**Licensing**  
**CGCC-GCA-2020-01-R**

**NOTICE IS HEREBY GIVEN** that the California Gambling Control Commission (Commission) is proposing to take the action described in the Informative Digest after consideration of all relevant public comments, objections, and recommendations received concerning the proposed action. Comments, objections, and recommendations may be submitted as follows:

**WRITTEN COMMENT PERIOD**

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Commission at any time during the 45-day public comment period, which closes on **August 4, 2020**. Written comments relevant to the proposed regulatory action may be sent by mail, facsimile, or e-mail, directed to one of the individuals designated in this notice as a contact person. To be eligible for the Commission's consideration, all written comments must be **received at its office no later than midnight on August 5, 2020**. Comments sent to persons and/or addresses other than those specified under Contact Persons, or received after the date and time specified above, will be included in the record of this proposed regulatory action, but will not be summarized or responded to regardless of the manner of transmission.

**PUBLIC HEARING**

The Commission has not scheduled a public hearing on this matter. Any interested person, or his or her authorized representative, may request a hearing pursuant to Government Code section 11346.8. A request for a hearing should be directed to the person(s) listed under Contact Persons no later than 15 days prior to the close of the written comment period.

**ADOPTION OF PROPOSED ACTION**

After the close of the public comment period, the Commission, upon its own motion or at the instance of any interested party, may thereafter formally adopt the proposals substantively as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit oral or written testimony related to this proposal or who have requested notification of any changes to the proposal.

## **AUTHORITY AND REFERENCE**

Pursuant to the authority vested by sections 19800, 19801, 19811, 19816, 19823, 19824, 19825, 19826, 19827, 19840, 19841, 19844, 19850, 19851, 19852, 19853, 19854, 19860, 19862, 19864, 19869, 19870, 19876, 19883, 19893, 19912, 19914, 19920, 19924, 19951, 19955, 19963, 19982, and 19984 of the Business and Professions Code; and to implement, interpret or make specific sections 7.5, 10, 19800, 19801, 19805, 19811, 19816, 19823, 19824, 19825, 19826, 19827, 19840, 19841, 19844, 19845, 19846, 19850, 19851, 19852, 19853, 19854, 19855, 19856, 19857, 19858, 19859, 19860, 19861, 19862, 19864, 19865, 19866, 19867, 19868, 19869, 19870, 19871, 19873, 19876, 19877, 19880, 19881, 19883, 19890, 19891, 19893, 19910, 19911, 19912, 19914, 19920, 19924, 19930, 19931, 19940, 19943, 19951, 19954, 19955, 19960, 19963, 19982, and 19984 of the Business and Professions Code, the Commission is proposing to adopt the following changes to Chapters 1, 2, 2.1, 2.2, 3, 4, 5, 6, 7, 8, 10 and 11 of Division 18 of Title 4 of the California Code of Regulations:

## **INFORMATIVE DIGEST AND POLICY STATEMENT OVERVIEW**

### **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.

### **EXISTING LAW:**

Business and Professions Code section 19811, subdivision (b), vests the Commission with jurisdiction over all persons or things having to do with the operations of gambling establishments in this state.

Business and Professions Code section 19824, provides the Commission with "*all powers necessary and proper to enable it fully and effectually to carry out the policies and purposes of*" the Act.

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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).

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Business and Professions Code section 19825 of the Business and Professions Code provides authority for the Commission to elect to utilize the administrative procedures act in place of a hearing or meeting of an adjudicative nature under the GCA.

Business and Professions Code section 19826, in pertinent part, assigns the Bureau with the responsibility to investigate suspected violations of the Act; to investigate complaints against licensees; to initiate appropriate disciplinary actions; and, to approve the play of any controlled game, as specified.

Business and Professions Code section 19840 allows the Commission to adopt regulations for the administration and enforcement of the Act.

Business and Professions Code section 19841, subdivision (c), provides the Commission the authority to adopt regulations that implement the provisions of the Act relating to licensing and other approvals.

Business and Professions Code section 19841, subdivision (h), mandates that the Commission's regulations shall "[p]rescribe minimum procedures for adoption by owner licensees to exercise effective control over their internal fiscal and gambling affairs," as specified. Subdivision (i) provides that the Commission's regulations shall "[r]estrict limit or otherwise regulate any activity that is related to the conduct of controlled gambling, consistent with the purposes of" the Act.

Business and Professions Code section 19841, subdivision (o) provides authority for the Commission to restrict, limit, or otherwise regulate any activity that is related to the conduct of controlled gambling.

Business and Professions Code section 19861 provides criteria and conditions for the issuance of a gambling license for a gambling establishment that may not be open to the general public, as specified.

Business and Professions Code section 19870, subdivision (a) provides authority for holding evidentiary hearings, and states that "*the Commission, after considering the recommendation of the chief and any other testimony and written comments as may be presented at the meeting, or as may have been submitted in writing to the commission prior to the meeting, may either deny the application or grant a license to an applicant who it determines to be qualified to hold the license.*"

Business and Professions Code section 19871, subdivision (a) provides authority for promulgating regulations pertaining to the evidentiary hearing process, and provides a list of items that must be part of the process by stating that "*[t]he Commission meeting described in section 19870 shall be conducted in accordance with regulations of the Commission...*"

Business and Professions Code section 19984, subdivision (b), provides the Commission the authority to establish reasonable criteria for any person or entity that provides proposition player services to gambling establishments. Under this section, the Commission may impose

disclosures, approvals, conditions, or limitations as it deems necessary to protect the integrity of controlled gambling.

Business and Professions Code section 19984, subdivision (c), provides the Department of Justice<sup>3</sup> the authority to perform background checks, financial audits, and other investigatory services as needed, pursuant to Commission regulations, to assist the Commission in regulating Third-Party Providers of Proposition Player Services (TPPPS).

**EFFECT OF REGULATORY ACTION:**

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.

**SPECIFIC PROPOSAL:**

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

A general change has been made in the proposal to replace the word “shall” with other words less subject to interpretation.

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<sup>3</sup> In the Act, “department” refers to the Department of Justice. While the Act assigns certain powers and authority to the department, in actual practice the responsibility for fulfilling the obligations imposed upon the department is delegated to the Bureau of Gambling Control, pursuant to Business and Professions Code section 19810.

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.

**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.

Subsection (c) is revised to change the requirement for changing an approved location from “within five days after” to “prior to.”

**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.

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

This section provides prohibited activities that an individual may not engage in without have a TPPPS business license and TPPPS contract, 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.

**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.

**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.

**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).

**Amend Section 12015. Withdrawal of Applications.**

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.

**Amend Section 12017. Abandonment of Applications.**

New subsection (f) provides that when abandonment is determined, any associated temporary or interim license is automatically cancelled as well.

**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 replace regular license with initial or renewal license.

**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.

**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).

**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.

**ARTICLE 3. DESIGNATED AGENT.**

**Adopt Section 12080. Requirements.**

Section 12080 provides regulations regarding 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.

**Adopt Section 12082. Standards of Representation.**

Section 12082 provides the minimum standards and responsibilities of a designated agent while they remain appointed.

**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.

**Repeal Section 12101. Forms.**

This section provides for the incorporation of forms. 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.

**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.

**Amend Section 12353. License Content; License Display and Presentation. (Section 12106. Badges)**

Section 12353 is renumbered to Section 12106 and renamed Badges. This section provides the content of the badge and how the holder of the badge must display, maintain, and return their badge. 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. Work permit badges are added to these requirements. This proposal would also require that a gambling licensee be issued and wear a badge while on duty in the gambling establishment.

**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.

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

Section 12110 provides a process for an employee or owner 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, including the submittal of a Notification of Employment Change, CGCC-CH2-02 (New 05/20) or Notification of Employee Separation, CGCC-CH2-03 (New 05/20), as specified. The amendments to this section will expand portability to all employee licenses.

**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.

**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.

**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. 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.

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]. The form requires information related to the applicant's personal, financial, contractual, and legal history for when this form is used as a renewal application.



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- 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]. The form requires information related to the applicant's personal, financial, contractual, and legal history for when this form is used as a renewal application.

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]. The form requires information related to the applicant's personal, financial, contractual, and legal history.
- 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]. The form requires information related to the applicant's personal, financial, contractual, and legal history.
- 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]. The form requires information related to the applicant's personal, financial, contractual, and legal history.
- 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. The form requires information related to the applicant's personal, financial, contractual, and legal history.
- 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]. The form requires information related to the applicant's personal, financial, contractual, and legal history.

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- Supplemental Information: Schedules, CGCC-CH2-11 (New 05/20) requires additional financial information from an applicant in conjunction with their specific supplemental form.
- 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. 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.

- 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.
  - 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.
  - 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).

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- 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.
- 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.
- Existing subsection (b) is repealed.
- 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.

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 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.

Subsection (c) is repealed. This provision provides that the Bureau may exceed the proscribed timelines for specific reasons.

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.
- 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.

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.

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]. The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002.

**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. Additionally, this section provides a process for an applicant to request a hearing before the Commission. This section also provides the parameters of the hearing to consider either or both the Bureau's objection and the revocation of a local work permit due to that objection.

**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. This includes conditions placed on temporary work permits, how the temporary work permit is associated with the application for a Commission work permit, and how a temporary work permit is extended should it expire before the application has been considered by the Commission.

In addition, 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.

**Adopt Section 12122. General Provisions.**

This section provides provisions that apply to all temporary licenses; including, how a temporary work permit is issued, how a temporary license is associated with a regular license and how a temporary license differs from a regular 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. The section provides how a temporary license is issued, conditions of holding a temporary license, situations where a temporary license cannot be issued, and the requirements for a temporary license to be issued. 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.

**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 provides timelines for the issuance of temporary work permits. This section is incorporated as subsection (b) of Section 12124.

**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 section provides conditions of holding a temporary license, situations where a temporary license cannot be issued, and the requirements for a temporary license to be issued.

**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 provides the process for cancelling or conditioning an already issued temporary license. 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.

**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.

**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.

**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 terms used in these divided sections have been updated to be consistent with other changes to definitions, as provided in Section 12002. After the separation, Section 12349 provides the definitions unique to the interim license process.

**Adopt Section 12134. General Provisions.**

Section 12134 renumbers subsections (a) and (g)-(i) of Section 12349. These provisions provide general controlling requirements to an interim gambling business license; such as the business may continue operating with specific conditions, any new owner may sell their ownership interest, no interim or regular license is necessary, that an interim gambling business license does not prevent the application for a temporary license and how an interim gambling business license canceled. Additionally, a new provision is proposed to clarify that the approval with conditions, cancellation or denial of an interim gambling business license is not eligible for an evidentiary hearing.

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

Section 12136 renumbers subsection (c) of Section 12349. This provision is non-substantively changed to make it consistent with other proposed changes. Additionally, two new provisions are proposed allow for an interim gambling business license to be renewed and what happens when an interim gambling business license expires without a regular license having been issued.

**Adopt Section 12138. Criteria.**

Section 12138 renumbers subsections (d) and (e) of Section 12349. These provisions are amended to be consistent with other changes to the regulations such as amended terms and allowing TPPPS owners to apply for an interim gambling business license. Additionally, the review timeline is amended to provide clarity in how the total timeline is divided between Bureau and Commission review.

**Adopt Section 12140. Conditions.**

Section 12138 renumbers subsection (f) of Section 12349. These provisions are amended to be consistent with other changes to the regulations such as amended terms and allowing TPPPS owners to apply for an interim gambling business license. This section provides automatic conditions to interim gambling licenses.

**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.

**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.

**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.

**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.

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. Those definitions that are moved have conforming changes to reflect other proposed changes.

**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.

**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.

**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.

**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.

**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.

**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.



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

**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.

**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.

**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.

**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.

**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.

**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.

**Repeal Section 12204. Ineligibility for Registration.**

Section 12204 provides the ineligibility requirements for receiving a TPPPS registration. This process is repealed.

**Repeal Section 12205. Cancellation of Regular Registration.**

Section 12205 provides for the cancellation of a TPPPS registration. This process is repealed.

**Repeal Section 12205.1. Transition to Licensing.**

Section 12205.1 provides for transitioning a TPPPS registration to a TPPPS license. This process is repealed.

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.

**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.

**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.

**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.

**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.

**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.

**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.

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.

**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 be consistent with other proposed changes.

**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.

**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.

**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.

**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.

**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.

**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).

**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.

**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. 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.

**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.

**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.

**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.

**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.

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.

**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. 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.

**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.

**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.

**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.

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.

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, with the exception of subsection (b) which has been moved to 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.

**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 with conforming changes to be consistent with other proposed changes.

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.

**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.



**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.

**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.

**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 with conforming changes to be consistent with other proposed changes.

**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. 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).

**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.

**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.

**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 provides for the annual fee that must be paid by a cardroom every year, including a new installment payment process. 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.

**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.

**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.

**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.

**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.

**Amend Section 12381. Policies and Procedures.**

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This section has been revised to repeal an unnecessary sunrise provision.

**Amend Section 12384. Drop and Drop Collection.**

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This section has been revised to repeal an unnecessary sunrise provision.

**Amend Section 12385. Count; Count Room Functions.**

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This section has been revised to repeal an unnecessary sunrise provision.

**Amend Section 12386. Cage Operation and Functions.**

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This section has been revised to repeal an unnecessary sunrise provision.

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

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This section has been revised to repeal an unnecessary sunrise provision.

**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.

**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. This section has been revised to repeal an unnecessary sunrise provision.

**Amend Section 12392. House Rules.**

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This section has been revised to repeal an unnecessary sunrise provision.

**Amend Section 12395. Security.**

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This section has been revised to repeal an unnecessary sunrise provision.

**Amend Section 12396. Surveillance.**

The terms used in this section have been updated to be consistent with other changes to definitions, as provided in Section 12002. This section has been revised to repeal an unnecessary sunrise provision.

**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.

**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.

**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.

**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.

**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.

**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.

**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.

**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 and the associated fees. 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.

**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.

**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, how the application process works, and how it interacts with other requirements of the cardroom business licensee. 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.

**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.

**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.

**CHAPTER 10. DISCIPLINE, HEARINGS, AND DECISIONS.**

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

This section is revised to be consistent with other proposed changes.

**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. The Summary Chart of Disciplinary Guidelines, form CGCC-12554 is being repealed.

**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.

- 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)].

**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.

**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. Consistent with the repeal of Section 12200.18 and 12220.18 those provisions referencing those sections have been updated to provide the actual guideline.

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.

**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.

**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.

**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.

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.

**CONSISTENCY OR COMPATIBILITY WITH EXISTING STATE REGULATIONS:**

The Commission has evaluated this regulatory action and determined that the proposed regulations are neither inconsistent nor incompatible with any other existing state regulations.

The Commission is vested with jurisdiction and supervision over gambling establishments and over all persons or things having to do with the operations of gambling establishments in California. The scope and content of the Commission's regulations is generally set forth in section 19841. While the Bureau [Department of Justice] has also been granted some authority to adopt regulations (section 19826), that authority is limited to the adoption of regulations reasonably related to its specified duties and responsibilities. These proposed regulations are not inconsistent or incompatible with any Bureau regulation (Title 11, CCR, Division 3), nor do they fall within the Bureau's authority to adopt regulations.

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.

**COMPARABLE FEDERAL LAW:**

There are no existing federal regulations or statutes comparable to the proposed regulations.

## **FISCAL IMPACT ESTIMATES**

### **FISCAL IMPACT ON PUBLIC AGENCIES INCLUDING COSTS OR SAVINGS TO STATE AGENCIES OR COSTS/SAVINGS IN FEDERAL FUNDING TO THE STATE:**

There would be no fiscal impact on the Commission or to any state agencies, including costs or savings or costs/savings in Federal funding. While the Bureau will collect some additional fees, any associated work will be minimal and absorbable with current staffing.

**NON-DISCRETIONARY COST OR SAVINGS IMPOSED UPON LOCAL AGENCIES:** None.

**MANDATE IMPOSED ON ANY LOCAL AGENCY OR SCHOOL DISTRICT FOR WHICH PART 7 (COMMENCING WITH SECTION 17500) OF DIVISION 4 OF THE GOVERNMENT CODE REQUIRES REIMBURSEMENT:** None.

**COST TO ANY LOCAL AGENCY OR SCHOOL DISTRICT FOR WHICH PART 7 (COMMENCING WITH SECTION 17500) OF DIVISION 4 OF THE GOVERNMENT CODE REQUIRES REIMBURSEMENT:** None.

**EFFECT ON HOUSING COSTS:** None.

### **IMPACT ON BUSINESS:**

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.

**COST IMPACT ON REPRESENTATIVE PRIVATE PERSON OR BUSINESS:**

The Commission has determined that the proposed regulatory action will have an impact on representative private person or business in the Impact on Business section.

**EFFECT ON SMALL BUSINESS:**

The Commission has determined that the proposed regulatory action will have an impact on small businesses the same as provided as non-small business as noted in the Impact on Business section.

**RESULTS OF 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.

**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 license 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.

**CONSIDERATION OF ALTERNATIVES**

The Commission must determine that no reasonable alternative considered by the Commission or that has otherwise been identified and brought to the attention of the Commission would be more effective in carrying out the purpose for which the action is proposed, would be as effective 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.

**INITIAL STATEMENT OF REASONS, INFORMATION AND TEXT OF PROPOSAL**

The Commission has prepared an Initial Statement of Reasons and the exact language for the proposed action and has available all the information upon which the proposal is based. Copies of the language and of the Initial Statement of Reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the Commission at 2399 Gateway Oaks Drive, Suite 220, Sacramento, CA 95833-4231.

**AVAILABILITY AND LOCATION OF THE RULEMAKING FILE AND THE FINAL STATEMENT OF REASONS**

All the information upon which the proposed action is based is contained in the Rulemaking File that will be available for public inspection and copying at the Commission's office throughout the rulemaking process. Arrangements for inspection and/or copying may be made by contacting the primary contact person named below.

You may obtain a copy of the Final Statement of Reasons, once it has been prepared, by making a written request to one of the contact persons named below or by accessing the Commission's Website listed below.

**CONTACT PERSONS**

All comments and inquiries concerning the substance of the proposed action should be directed to the following **primary** contact person:

Joshua Rosenstein, Legislative and Regulatory Specialist  
Legislation and Regulatory Affairs Division  
California Gambling Control Commission  
2399 Gateway Oaks Drive, Suite 220, Sacramento, CA 95833-4231  
Telephone: (916) 274-5823  
Fax: (916) 263-0499  
E-mail: [jrosenstein@cgcc.ca.gov](mailto:jrosenstein@cgcc.ca.gov)

Requests for a copy of the Initial Statement of Reasons, proposed text of the regulation, modified text of the regulation, if any, or other technical information upon which the proposed action is based should be directed to the following **backup** contact person:

Alex Hunter, Legislative and Regulatory Specialist  
Legislation and Regulatory Affairs Division  
California Gambling Control Commission  
2399 Gateway Oaks Drive, Suite 220, Sacramento, CA 95833-4231  
Telephone: (916) 263-1301  
Fax: (916) 263-0499  
E-mail: [ahunter@cgcc.ca.gov](mailto:ahunter@cgcc.ca.gov)

**WEBSITE ACCESS**

Materials regarding this proposed action are also available on the Commission's Website at [www.cgcc.ca.gov](http://www.cgcc.ca.gov).