

**TITLE 4.**  
**CALIFORNIA GAMBLING CONTROL COMMISSION**  
**NOTICE OF PROPOSED REGULATORY ACTION**  
**Spousal Form Update**  
**CGCC-GCA-2022-02-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 **September 26, 2022**. 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 September 27, 2022**. **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 substantially 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 19811, 19824, 19840, 19841, and 19984 of the Business and Professions Code; and to implement, interpret or make specific sections 19801, 19811, 19824, 19826, 19841, 19850, 19851, 19852, 19855, 19864, 19865, 19866, 19867, 19868, 19878, 19880(d), 19883, 19890(e), 19893, 19912, 19951, 19982 and 19984 of the Business and

Professions Code, the Commission is proposing to adopt the following changes to Chapter 2 of Division 18 of Title 4 of the California Code of Regulations:

## **INFORMATIVE DIGEST AND POLICY STATEMENT**

### **Introduction:**

The California Gambling Control Commission (Commission) is the state agency charged with the administration and implementation of the Gambling Control Act (Act).<sup>1</sup> The Commission is authorized to adopt regulations as necessary to implement the Act.

The Commission updated its licensing regulations in 2021. In the time since the regulations became effective, the Bureau of Gambling Control (Bureau) has had the opportunity to receive and review hundreds of applications. During those reviews, a small number of issues have arose. While these issues do not invalidate or make ineffective the regulations as originally adopted, the process would benefit from the correction and clarification of said issues.

### **EXISTING LAW:**

Business and Professions Code section 19852 provides a list of persons who are required to apply for and obtain a license prior to the cardroom being eligible for a license certificate. This list includes, in part, owners of a corporation, partnership, trust, limited liability company, or other business organization that itself owns the cardroom or third-party provider of proposition player services, or any employee, agent, or other who is a holder of indebtedness or has the power to exercise a significant influence over the gambling operation.

Business and Professions Code sections 19811, 19824, 19840, 19841, and 19984 provide the authority and ability for the Commission to promulgate regulations regarding the application process within the controlled gambling industry.

### **EFFECT OF REGULATORY ACTION:**

The proposed action has been prepared to modify existing regulations to clarify the requirements to submit the Spousal Information form and Supplemental Information Schedules. This includes clarifying when a spouse is required to submit an application for licensure. Finally, a new category is added to the form to allow the form to be submitted when an applicant is an owner category licensee but does not actually own or control a business but is instead an officer, director, or other employee who is required to licensed as an endorsee.

### **ANTICIPATED BENEFITS OF PROPOSED REGULATION:**

This proposed action will have the benefit of providing the people of California with a clear method of requesting consideration for a finding of suitability.

### **SPECIFIC PROPOSAL:**

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

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<sup>1</sup> Business and Professions Code, Division 8, Chapter 5, section 19800 et seq.

CHAPTER 1 GENERAL PROVISIONS

ARTICLE 3. DESIGNATED AGENT

**Amend 12080. Requirements.**

Section 12080 provides the process by which an applicant, license, or holder of a Commission work permit may designate a natural person(s) to server as their designated agent(s).

Subsection (a) provides the application form Appointment of Designated Agent, CGCC-CH1-04. The section specific instructions are modified to be consistent with the primary instructions, to require the indication of “N/A.”

CHAPTER 2 LICENSES AND WORK PERMITS

ARTICLE 2. INITIAL AND RENEWAL LICENSES AND WORK PERMITS

**Amend 12112. Initial License Applications; Required Forms.**

Section 12112 provides the documents a person applying for an initial Commission approval must submit to the Bureau.

Subsection (a) provides the application forms that are required for all applications. Application for Owner Category License, CGCC-CH2-05, provides the application for TPPPS and cardroom business and endorsee licensees. Section 4 of the form requires a list of items that are required as attachments to the application. The Spousal Information form is added to these requirements.

Subsection (b) provides the supplemental forms that can be required of an applicant, depending on the specific application that is being requested.

- Paragraph (2) provides the Individual Owner/Principal: Supplemental Information form, CGCC-CH2-07.
  - Section 10, question H) requires in some cases that Trust: Supplemental Information, CGCC-CH2-09 is sometimes required. The revision date for the Trust: Supplemental Information form has been repealed.
  - Section 11 of the form requires a list of items that are required as attachments to the application. Two forms are proposed to be removed from these requirements.
    1. The Spousal Information form is no longer necessary to be submitted alongside the Individual Owner/Principal: Supplemental Information form.
    2. The Internal Revenue Service Request for Transcript or Tax Return, 4506-T, is no longer required.
    3. The requirement to provide Schedules A through J from the Supplemental Information Schedules, CGCC-CH2-11, is revised to require Schedules A through K.
- Paragraph (3) provides the Key Employee or TPPPS Supervisor: Supplemental Information, CGCC-CH2-08. Section 11 of the form requires a list of items that are required as attachments to the application. The requirement to provide Schedules A

through J from the Supplemental Information Schedules, CGCC-CH2-11, is revised to require Schedules A through K.

- Paragraph (5) provides the Commission Work Permit or TPPPS Worker: Supplemental Information, CGCC-CH2-10. Section 8 of the form requires a list of items that are required as attachments to the application. One form is proposed to be removed from these requirements. The Request for Copy of Personal Income or Fiduciary Tax Return, FTB-3516C1 PAGE 1.
- Paragraph (7) provides the Spousal Information form, CGCC-CH2-12. Because subsection (b) has the condition of “as applicable” and this proposed action would require the form in all cases, it has been moved out of subsection (b) and to subsection (f). Paragraphs (8) and (9) renumbered accordingly.

Subsection (e) provides a reference to the form Appointment of Designated Agent, CGCC-CH1-04, which is attached to Appendix A in Section 12080. The revision date for the Appointment of Designated Agent form has been repealed.

Subsection (f) is proposed to provide the Spousal Information form.

The form (CGCC-CH2-12) is amended as follows:

- The Spousal Information form provides instructions on how to complete the form. The instructions are amended in two ways:
  1. The instructions on when the form does not need to be submitted is amended to include both when the spouse is currently licensed or is submitting a license request as an owner for the associated cardroom or third-party provider of proposition player services concurrently with the applicant’s request.
  2. A question is added to indicate whether or not the applicant is either married or has a registered domestic partner.
- Section 2 requires information related to the relationship of the spouse to the business. A new option 6 is added, “The applicant is not an ownership interest holder.”
- Section 3 requires specific statements be initialed by both the applicant and their spouse in order for the spouse to not be required to be licensed. The instructions for this section clarify that Section 3 only needs to be filled out if item 5 of section 2 is selected and items 2 through 4 of section 2 are not selected.
- Section 4 indicates any additional items that are required to be submitted alongside the spousal information form.
  - The instructions of the form are amended to provide that spouses of applicants who are not interest owners are not required to submit any additional documentation except any documentation that may be required by the Bureau under its own statutory or regulatory authority.
  - The first item, which requires the submittal of either a Request for Live Scan Service or two Applicant Fingerprint Cards is amended to clarify that the spouse is the person required to submit the form.

Chapter 3 Conditions of Operation for TPPPS Businesses  
Article 3. TPPPS Contract

**Amend 12272. Review and Approval of TPPPS Contracts.**

Section 12272 provides the process by which the Bureau reviews and approves a TPPPS contract.

Subsection (a), paragraph (2), provides for the documents necessary for an application to be considered complete.

- Subsection (A) provides that the applicant must submit a completed Application for Contract Approval to Provide Proposition Player Services, CGCC-CH3-02. The provision is amended to clarify that the form is attached in Appendix A of Chapter 3. Additionally, the form is amended as follows:
  - Section 3 of them provides that in some cases the Appointment of Designated Agent, CGCC-CH1-04, is required alongside an Application for Contract Approval to Provide Proposition Player Services. The revision date for the Appointment of Designated Agent form has been repealed.
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**Amend 12274. Expedited Review and Approval of TPPPS Contracts.**

Section 12274 provides the process by which the Bureau reviews and approves a TPPPS contract on an expedited basis.

Subsection (c) provides for the documents necessary for an application to be considered complete.

- Paragraph (1) provides a reference to the form Application for Contract Approval to Provide Proposition Player Services, CGCC-CH3-02, which is attached to Appendix A in Section 12272. The revision date for the Application for Contract Approval to Provide Proposition Player Services form has been repealed.
- Paragraph (2) provides a reference to the form Appointment of Designated Agent, CGCC-CH1-04, which is attached to Appendix A in Section 12080. The revision date for the Appointment of Designated Agent form has been repealed.

**Amend 12278. Extension of TPPPS Contracts.**

Section 12278 provides the process by which the Bureau reviews and approves request to extend an existing TPPPS contract.

Subsection (a) provides for the documents necessary for an application to be considered complete.

- Paragraph (1) provides a reference to the form Application for Contract Approval to Provide Proposition Player Services, CGCC-CH3-02, which is attached to Appendix A in Section 12272. The revision date for the Application for Contract Approval to Provide Proposition Player Services form has been repealed.

**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 proposed action is intended to make changes to the Commission's regulations to improve the Commission's existing processes and in so doing makes them more compatible and internally consistent.

**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:**

**Amend 12112. Initial License Applications; Required Forms.**

There is no anticipated fiscal savings or cost as this regulation is not anticipated to impact any existing process, but instead only provides clarification to existing application submittal requirements.

**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 determined that this regulatory proposal will not have a significant impact directly affecting business, including the ability to compete. For this purpose, the consolidated small business definition provided in Government Code section 11346.3, subdivision (b), paragraph (4) was utilized.

The basis for this determination is that this proposed action imposes no mandatory requirement on businesses or individuals and does not significantly change the Commission's current practices and procedures. The proposed action clarifies existing application submittal requirements.

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

The Commission is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

**EFFECT ON SMALL BUSINESS:**

The Commission has made a determination that the proposed regulatory action would not affect small businesses as the proposed action only clarifies existing application submittal requirements.

**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.

The basis for this determination is that this proposed action imposes no new mandatory requirement on businesses or individuals and does not significantly change the Commission's current practices and procedures. The proposed action clarifies existing application submittal requirements.

**BENEFITS OF PROPOSED REGULATION:**

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

**HEALTH AND WELFARE OF CALIFORNIA RESIDENTS:**

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

**WORKER SAFETY:**

It has been determined that the proposed action will not affect worker safety because it does not pertain to working conditions or worker safety issues.

**STATE'S ENVIRONMENT:**

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

**CONSIDERATION OF ALTERNATIVES**

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  
Legislative 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  
Legislative 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).