

**State of California  
Office of Administrative Law**

In re:  
California Gambling Control Commission

Regulatory Action:

Title 04, California Code of Regulations

Adopt sections:

Amend sections: 12270

Repeal sections:

**AMENDED NOTICE OF APPROVAL OF  
CHANGES WITHOUT REGULATORY EFFECT**

California Code of Regulations, Title 1,  
Section 100

OAL Matter Number: 2024-0625-01

OAL Matter Type: Nonsubstantive (N)

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In this change without regulatory effect, the Commission amends its regulations to make grammatical changes.

OAL approves this change without regulatory effect as meeting the requirements of California Code of Regulations, title 1, section 100.

Date: August 5, 2024



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Thanh Huynh  
Senior Attorney

For: Kenneth J. Pogue  
Director

Original: Lisa Wardall, Executive Director  
Copy: Doris Pires

# NONSUBSTANTIVE

For use by Secretary of State only

STD. 400 (REV. 10/2019)

<b>OAL FILE NUMBERS</b>	<b>NOTICE FILE NUMBER</b> Z-	<b>REGULATORY ACTION NUMBER</b> 2024-0625-01N	<b>EMERGENCY NUMBER</b>
For use by Office of Administrative Law (OAL) only			
NOTICE		REGULATIONS	

**ENDORSED - FILED**  
in the office of the Secretary of State  
of the State of California

AUG 05 2024  
*Sho 2:12 pm*

OFFICE OF ADMIN. LAW  
2024 JUN 25 PM 4:38

<b>AGENCY WITH RULEMAKING AUTHORITY</b> California Gambling Control Commission	<b>AGENCY FILE NUMBER (if any)</b> CGCC-GCA-2024-03-N
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### A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

<b>1. SUBJECT OF NOTICE</b>	<b>TITLE(S)</b>	<b>FIRST SECTION AFFECTED</b>	<b>2. REQUESTED PUBLICATION DATE</b>
<b>3. NOTICE TYPE</b> <input type="checkbox"/> Notice to Proposed Regulatory Action <input type="checkbox"/> Other	<b>4. AGENCY CONTACT PERSON</b>	<b>TELEPHONE NUMBER</b>	<b>FAX NUMBER (Optional)</b>
<b>OAL USE ONLY</b> ACTION ON PROPOSED NOTICE <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn	<b>NOTICE REGISTER NUMBER</b>	<b>PUBLICATION DATE</b>	

### B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

<b>1a. SUBJECT OF REGULATION(S)</b> TPPPS Contract Criteria	<b>1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)</b>
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<b>2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 28, if toxics related)</b>	
<b>SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)</b>	<b>ADOPT</b>
	<b>AVEND</b> 12270
<b>TITLE(S)</b> 4	<b>REPEAL</b>

<b>3. TYPE OF FILING</b>	<input type="checkbox"/> Regular Rulemaking (Gov. Code §11346)	<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.	<input type="checkbox"/> Emergency Readopt (Gov. Code, §11345.1(h))	<input checked="" type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
	<input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4)	<input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)	<input type="checkbox"/> File & Print	<input type="checkbox"/> Print Only
	<input type="checkbox"/> Emergency (Gov. Code, §11346.1(b))	<input type="checkbox"/> Other (Specify)		

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)

<b>5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)</b>	<input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a))	<input type="checkbox"/> Effective on filing with Secretary of State	<input checked="" type="checkbox"/> §100 Changes Without Regulatory Effect	<input type="checkbox"/> Effective other (Specify)
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6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY

<input type="checkbox"/> Department of Finance (Form STD. 399) (GAM §666C)	<input type="checkbox"/> Fair Political Practices Commission	<input type="checkbox"/> State Fire Marshal
<input type="checkbox"/> Other (Specify)		

<b>7. CONTACT PERSON</b> Doris Pires	<b>TELEPHONE NUMBER</b> (916) 634-5371	<b>FAX NUMBER (Optional)</b>	<b>E-MAIL ADDRESS (Optional)</b> dpires@cgcc.ca.gov
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8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

<b>SIGNATURE OF AGENCY HEAD OR DESIGNEE</b> <i>Ian Coolbear</i>	<b>DATE</b> 06/24/2024
<b>PRINT NAME AND TITLE OF SIGNATORY</b> Ian Coolbear, Deputy Director, Legislative and Regulatory Affairs Division	

For use by Office of Administrative Law (OAL) only

**ENDORSED APPROVED**

AUG 05 2024

Office of Administrative Law

8/5/2024  
TH per agency

CALIFORNIA GAMBLING CONTROL COMMISSION  
SPECIFIC LANGUAGE OF PROPOSED REGULATIONS  
TPPPS CONTRACT CRITERIA  
CGCC-GCA-2024-03-N

**Title 4. Business Regulations**  
**Division 18. California Gambling Control Commission**

**CHAPTER 3. CONDITIONS OF OPERATION FOR TPPPS BUSINESSES**

**ARTICLE 3. TPPPS CONTRACTS**

§ 12270. TPPPS Contract Criteria.

- (a) All TPPPS contracts will be subject to, and superseded by, any changes in the requirements of regulations adopted under Business and Professions Code section 19984 that conflict with or supplement provisions of the TPPPS contract.
- (b) Each TPPPS contract will specifically require all of the following to be separately set forth at the beginning of the contract in the following order:
- (1) The names of the parties to the contract.
  - (2) The effective dates of the TPPPS contract; expiration date must be the last day of the month.
  - (3) The specific name of the Bureau-approved gaming activities for which proposition player services may be provided.
  - (4) The maximum and minimum number of gaming tables available to the proposition player provider service.
  - (5) That no more than one authorized player from each TPPPS business licensee may simultaneously play at a table.
  - (6) The hours of operation that proposition player services will be provided.
  - (7) A detailed description of the location, applicable security measures, and purpose of any currency, chips, or other wagering instruments that will be stored, maintained, or kept within the gambling establishment by or on behalf of the TPPPS business licensee.

Additions shown in underline; deletions shown in ~~striketrough~~.

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- (8) That proposition player services must be provided in the gambling establishment only in compliance with laws and regulations pertaining to controlled gambling.
- (9) That proposition player services may be provided only by authorized players with current licensing under Chapter 2.
- (10) That the TPPPS business licensee must provide the cardroom business licensee with a copy of its TPPPS certificate, and that the cardroom business licensee must maintain the TPPPS certificate on file, together with a copy of the TPPPS contract applying to that establishment.
- (11) That an authorized player may not provide proposition player services in a gambling establishment where he or she holds a cardroom owner type license, or is operating with a cardroom employee type license.
- (12) That collection fees charged by the cardroom business licensee for participation in any controlled game must be the same as those charged to other participants assuming the player dealer position during the play of the game.
- (13) Any agreement between the TPPPS business licensee and the cardroom business licensee for TPPPS business licensees or TPPPS supervisors licensees to inspect or receive a copy of surveillance recordings of tables at which proposition player services are provided under the TPPPS contract during the times the services are provided, as necessary for business purposes.
- (14) A full disclosure of any financial arrangements entered into during the term of the TPPPS contract for any purpose between the cardroom business licensee and any licensee covered by the TPPPS contract. If there is no financial consideration that passes under the TPPPS contract, a statement to that effect must be included.
- (15) That any legal dispute between the TPPPS business licensee and the cardroom business licensee, including any exclusion of a ~~licensed~~ TPPPS category licensee covered by the contract with the cardroom business licensee must be reported in writing within ten calendar days by the TPPPS business licensee and the cardroom business licensee to both the Commission and the Bureau.
- (16) That the TPPPS business licensee and the cardroom business licensee must report in writing within ten calendar days to both the Commission and the Bureau the identity of any temporary TPPPS category licensee whose activities are covered by the TPPPS contract and who is arrested in the gambling establishment by a peace officer, who is removed from the gambling establishment by a peace officer or the cardroom business licensee, or who is

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involved in a patron dispute regarding his or her activities in the gambling establishment that is the subject of a report to a peace officer and that results in removal of one or more individuals.

(17) That any cheating reported to the cardroom business licensee by a TPPPS category licensee must be reported in writing within five days of the incident by the TPPPS business licensee and the cardroom business licensee to the Commission and Bureau.

(18) That the criteria for granting any rebates by authorized players to patrons be fully disclosed in the TPPPS contract; and that neither the cardroom business licensee nor any cardroom employee type licensee may have any role in rebates. If there are no criteria for granting rebates, a statement to that effect must be included.

(19) That any tipping arrangements must be specified in the TPPPS contract and that percentage tips may not be given. If there are no tipping arrangements, a statement to that effect must be included.

(20) That the TPPPS business licensee may reimburse the cardroom business licensee in specified amounts for equipment such as surveillance cameras and monitors, or cards, shuffling machines, and dice. Neither the TPPPS business licensee nor its cardroom employee type licensees may purchase, lease, or control such equipment. If there is no arrangement to reimburse the cardroom business licensee for equipment, a statement to that effect must be included.

(21) That the contract is a complete expression of all agreements and financial arrangements between the parties; that any addition to or modification of the contract, including any supplementary written or oral agreements, must be approved in advance by the Bureau pursuant to Section 12276 before the addition or modification takes effect.

(c)(1) Except as expressly authorized by this subsection, a TPPPS contract may not include any provision authorizing payment to or receipt by the cardroom business licensee, or a designee thereof, of any share of the profits or revenues of the TPPPS business licensee. Any payments made by a TPPPS business licensee to the cardroom business licensee for a purpose determined by agreement with the cardroom business licensee must be specifically authorized by the TPPPS contract. All payments must be specified in the TPPPS contract. The TPPPS contract must identify the total charge for each of the following categories: services, facilities, and advertising.

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In addition, the TPPPS contract must include a detailed list, excluding specific costs, of the items provided or received in each of these categories.

(2) In no event may a TPPPS contract provide for any payment based on a percentage or fraction of the TPPPS business licensee's gross profits or wagers made or the number of players. All payments must be fixed and may only be made for services and facilities requested by, and provided to, the cardroom business licensee, and for a reasonable share of the cost of advertising with respect to gaming at the gambling establishment in which the TPPPS business licensee participates.

(3) No contract provision may authorize any payments for services or facilities that are substantially disproportionate to the value of the services or facilities provided. No TPPPS contract may include any charge, direct or indirect, for the value of an exclusive right to conduct proposition play within all or a portion of the cardroom business licensee. No payment other than the collection fee for play, may be required for play at any table, including, without limitation, reservation of a seat.

(d) The TPPPS contract may not contain any provision that limits contact with officials or employees of the Commission or Bureau. The TPPPS contract must prohibit a TPPPS owner type licensee and the cardroom business licensee from retaliating against any licensee on account of contact with an official or employee of the Commission or Bureau or any other public official or agency.

(e) A TPPPS contract must be consistent with the provisions of Business and Professions Code section 19984, subdivision (a), prohibiting a gambling establishment or the cardroom business licensee from having any interest, whether direct or indirect, in funds wagered, lost, or won. No TPPPS contract may be approved that would permit the cardroom business licensee to bank any game in the gambling establishment.

(f) Each TPPPS contract approved by the Bureau must contain a provision authorizing the Commission, after receiving the findings and recommendation of the Bureau, to terminate the TPPPS contract for any material violation of any term required by this section.

(g) A TPPPS business licensee may contract with more than one cardroom business licensee at the same time; a cardroom business licensee may contract with more than one TPPPS business licensee at the same time. This subsection is not intended to prohibit a TPPPS contract in which a cardroom business licensee and a TPPPS business licensee agree that one TPPPS business

licensee will be the exclusive provider of proposition player services to that cardroom business licensee.

Note: Authority cited: Sections 19840, 19841 and 19984, Business and Professions Code.

Reference: Section 19984, Business and Professions Code.

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