

1 **N.B.:**

2 **This rough draft will be revised in light of public comment. The**
3 **revised draft will serve two purposes: (1) as the text of the**
4 **emergency readoption/amendment of the current emergency**
5 **regulations (which expire in early July) and (2) as the text of the**
6 **regulation proposed for permanent adoption. The tentative plan is**
7 **to include all provisions of this draft in both of the above-noted**
8 **rulemaking actions, except where special note is made that a**
9 **particular provision will be included in the text proposed for**
10 **permanent adoption, but not in the emergency**
11 **readoption/amendment. Bullets are used in the draft to indicate**
12 **topics that require additional work or items for which a specific**
13 **location has not yet been determined.**

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15 **Title 4, California Code of Regulations, Division 18**

16 **Chapter 2.1. Third-Party Providers of Proposition Player**
17 **Services: Interim Registration; Licensing**

18 **Article 1. Definitions and General Provisions**

19 **Article 2. Interim Registration**

1 **Article 3. Licensing**

2 **Chapter 2.2 Gambling Businesses: Registration**

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4 **Chapter 2.1. Third-Party Providers of Proposition Player**
5 **Services: Interim Registration; Licensing**

6 **Article 1. Definitions and General Provisions**

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8 Section 12200 Definitions

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10 Section 12200.1 Certificate

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12 Section 12200.3. Badge

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14 Section 12200.5 Replacement Badge

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16 Section 12200.7 Proposition Player Contract Criteria

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18 Section 12200.9 Review and Approval of Proposition Player
19 Contracts

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21 Section 12200.11 Renewal of Proposition Player Contracts

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1 Section 12200.13 Playing Books

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3 Section 12200.15 Transfers and Sales

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5 Section 12200.16 Inspections

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7 Section 12200.17 Emergency Orders

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9 Section 12200.18 Revocation

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12 **Article 2. Interim Registration**

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14 Section 12200.9 Transition to Licensing

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16 Section 12201 Registration

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18 Section 12202 Application for Registration

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20 Section 12203 Processing of Applications for Initial Registration

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22 Section 12203.5 Processing of Applications for Renewal of
23 Registration

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25 Section 12204 Ineligibility for Registration

- 1
- 2 Section 12205 Cancellation of Registration
- 3
- 4 Section 12206 Badge [To be repealed]
- 5
- 6 Section 12207 Proposition Player Contract Criteria
7 [To be repealed]
- 8
- 9 Section 12208 Review and Approval of Proposition Player
10 Contracts [To be repealed]
- 11 Section 12209 Playing Books [To be repealed]
- 12 Section 12210 Transfers and Sales [To be repealed]
- 13 Section 12211 Inspections [To be repealed]
- 14 Section 12212 Compliance
- 15 Section 12213 Revocation
- 16 Section 12214 Emergency Orders

17 **Article 3. Licensing**

18 Section 12218. Licensing

19 Section 12218.1 Application for Initial Licensing

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- 1 Section 12218.3 Application for Renewal of Licensing (including
2 withdrawal, abandonment & surrender)
- 3 Section 12218.5 Processing of Applications for Initial Licensing
- 4 Section 12218.6 Processing of Applications for Renewal of
5 Licensing
- 6 Section 12218.7 Ineligibility for Licensing
- 7 Section 12218.11 Cancellation of License
- 8 Section 12218.13 Annual Fee
- 9 Section 12218.15 Compliance
- 10 Section 12218.17 Background Investigation Deposit
- 11 Section 12218.19 Term of License

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13 **Article 1. Definitions and General Provisions**

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15 **.....
Section 12200. Definitions**

- 16 (a) Except as otherwise provided in subsection (b), the definitions in Business
17 and Professions Code section 19805 shall govern the construction of this
18 chapter.

1 (b) As used in this chapter:

2 (1) “Applicant” means the applicant for registration or licensing under
3 this chapter, including in the case of an owner that is a corporation,
4 partnership, or any other business entity, all persons whose
5 registrations or licenses are required to be endorsed upon the primary
6 owner’s registration or license certificate.

7 (***) “Authorized player” means an individual associated with a particular
8 primary owner whose badge authorizes play in a controlled game on
9 behalf of the primary owner, including the primary owner, all other
10 owners, all supervisors, and all players. “Authorized player” does not
11 include funding sources or owners who have been issued a non-
12 playing badge.

13 (2) “Badge” means a form of identification issued by the Commission
14 identifying a registrant or licensee. A badge authorizing play in a
15 controlled game shall be of a distinctly different color than a badge,
16 which identifies a registrant or licensee, but does not authorize play.

17 (3) “Bureau” means the Bureau of Criminal Identification and
18 Information of the California Department of Justice.

19 (4) “Commission” means the California Gambling Control Commission.

20 (5) “Deadly weapon” means any weapon, the possession or concealed
21 carrying of which is prohibited by Penal Code section 12020.

22 (6) “Division” means the Division of Gambling Control in the California
23 Department of Justice. Documents required by this chapter to be sent

1 (or information required to be furnished) to the Division shall be sent
2 to the Sacramento office of the Division.

3 (7) “Executive Director” means the Executive Director of the
4 Commission or such other person as may be designated by the
5 Commission.

6
7 (8) “Funding source” means any person that provides financing, including
8 but not limited to loans, advances, any other form of credit, chips, or
9 any other representation or thing of value, to an owner-registrant or
10 owner-licensee, other than individual registrants under Subsection (d)
11 of Section 12201 or licensees under Subsection _____. “Funding
12 source” does not include any federally or state chartered lending
13 institution or any of the following entities that in the aggregate owns
14 at least one hundred million dollars (\$100,000,000) of securities of
15 issuers that are not affiliated with the entity:

16
17 (A) Any federal-regulated or state-regulated bank or savings
18 association or other federal- or state-regulated lending
19 institution.

20
21 (B) Any company that is organized as an insurance company, the
22 primary and predominant business activity of which is the
23 writing of insurance or the reinsuring of risks underwritten by
24 insurance companies, and that is subject to supervision by the
25 Insurance Commissioner of California, or a similar official or
26 agency of another state.

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

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

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

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

(G) Any entity, all of the equity owners of which individually meet the criteria of this paragraph (8).

(9) “Gambling Control Act” or “Act” means Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code.

(***) (A) “License” means a license issued by the Commission pursuant to article 3 of this chapter. There are four license categories

1 entitling the holder to provide third-party proposition player
2 services: primary owner if issued a playing badge, owner if
3 issued a playing badge, supervisor, and player. All other
4 employees of the primary owner who are present in the
5 gambling establishment during the provision of proposition
6 player services under the primary owner’s proposition player
7 contract shall be licensed as “other employee” and shall be
8 required to submit an application and be approved or denied
9 based upon the same criteria that apply to a player.

10
11 (***) “Licensee” means a person having a valid license.

12
13 (***) “Other employee” does not include corporate officers of a primary
14 owner.

15 (10) “Owner” includes all of the following:

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

20 (B) Any individual specified in Business and Professions Code
21 section 19852, subdivisions (a) through (h), and

22 (C) Any funding source.

23 (11) “Playing Book” means a record documenting each session of play by
24 a third-party proposition player.

- 1 (12) “Primary Owner” means the owner specified in subparagraph (A) of
2 paragraph (10) of this subsection.
- 3 (13) “Proposition player” or “player” means an individual other than an
4 owner or a supervisor who provides third-party proposition player
5 services in a controlled game.
- 6 (14) “Proposition player contract” or “contract” means a written contract,
7 the terms of which have been reviewed and approved by the Division,
8 between the holder of a state gambling license and a primary owner
9 for the provision of third-party proposition player services in the
10 gambling establishment.
- 11 (15) "Registrant" means a person having a valid registration.
- 12 (16) “Registration” means a registration issued by the Commission
13 pursuant to this chapter. There are four registration categories
14 entitling the holder to provide third-party proposition player services:
15 primary owner, owner, supervisor, and player. All other employees of
16 the primary owner who are present in the gambling establishment
17 during the provision of proposition player services under the primary
18 owner’s proposition player contract shall be registered as “other
19 employee.” A primary owner issued a playing badge and an owner
20 issued a playing badge may also perform the functions of a supervisor
21 or player, and the holder of a supervisor’s registration may also
22 perform the functions of a player. No registrant, other than an owner,
23 supervisor, or player, may possess, direct, or otherwise control
24 currency, chips, or other wagering instruments used for play in the
25 performance of a proposition player contract.

1 (17) “Session of play” means a continuous workshift of third-party
2 proposition player services provided by an individual proposition
3 player.

4 (18) “Supervisor” means an individual who, in addition to any
5 supervisory responsibilities, has authority, on behalf of the primary
6 owner, to direct or provide currency, chips, or other wagering
7 instruments to players engaged in the provision of third-party
8 proposition player services in a gambling establishment.

9 (***) “Supplemental application package” means _____.

10 (19) "Third-party proposition player services" or "proposition player
11 services" means services provided in and to the house under any
12 written, oral, or implied agreement with the house, which services
13 include play as a participant in any controlled game that has a rotating
14 player-dealer position as permitted by Penal Code section 330.11.
15 ["Proposition player services" also includes the services of any
16 supervisors, as specified in paragraph (18) of this subsection.]

17 (***) “TPP” means “third party proposition.” This abbreviation is used in
18 Section 12200.3 and in prescribing titles used on registrant and
19 licensee badges, for example, “TPP Player Registrant.”

20 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

21 **Reference:** Sections 19805 and 19984, Business and Professions Code

22

1 **Section 12200.1. Certificate**

2 (a) The Commission shall issue a registration or license certificate, as
3 applicable, to each primary owner. The certificate shall specify the
4 maximum number of authorized players who are registered or licensed.

5 (b) The Commission shall endorse upon each certificate the names of all other
6 owners affiliated with the primary owner.

7

8 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

9 **Reference:** Section 19984, Business and Professions Code

10

11 **Section 12200.3. Badge—Initial or Additional**

12 (a) All individuals licensed or registered as primary owners, owners,
13 supervisors, players, or other employees of the primary owner shall wear in
14 a prominently visible location a numbered badge issued by the Commission
15 when present in a gambling establishment during the provision of
16 proposition player services under the proposition player contract that covers
17 the licensee or registrant. If an individual ceases to be employed by or
18 affiliated with a particular primary owner, that individual shall surrender his
19 or her badge to the primary owner. The primary owner shall notify the
20 Commission and the Division in writing within 10 days of the change in
21 status using CGCC Form _____. Any primary owner receiving a badge
22 from an individual formerly employed by or affiliated with the primary

1 owner shall return the badge to the Commission within 10 days of receiving
2 the badge from the holder.

3 (b) The words “TPP PLAYER REGISTRANT,” “NON-PLAYER TPP
4 REGISTRANT,” “TPP PLAYER LICENSEE,” OR NON-PLAYER TPP
5 PLAYER LICENSEE” in capital letters shall be prominently displayed on
6 the badge above the registrant’s or licensee’s category of registration or
7 licensing as an owner, supervisor, player, or other employee. The first name
8 of the registrant or licensee shall appear on the front of the badge. The full
9 name of the registrant or licensee shall be printed on the reverse side of the
10 badge.

11 (c) On the badge, there shall be displayed the picture of the registrant or
12 licensee submitted with the application, the badge number, and expiration
13 date. On the badge there shall be displayed the name of the primary owner
14 employing the registrant or licensee, which shall be the fictitious business
15 name if properly established pursuant to Chapter 5 (commencing with
16 Section 17900) of Part 3 of Division 7 of the Business and Professions Code.

17 • Authorized players shall be issued a badge of one color; individuals not
18 authorized to play shall be issued a badge of a distinctly different color.

19 (d) An individual registered as a player with a particular primary owner shall
20 apply for and obtain a new badge before beginning to work for an additional
21 or a different primary owner.

22 • [location to be determined] Registration, licenses, and badges are specific to the
23 primary owner. TPPP services cannot be provided without first applying for
24 and obtaining a registration, license, or badge.

1 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

2 **Reference:** Section 19984, Business and Professions Code

3

4 **Section 12200.5 Replacement or Transfer of Badge**

5

6 (a) Upon application, the Executive Director or other person designated by the
7 Commission shall issue a new or replacement badge if all of the following
8 conditions are met:

9

10 (1) The applicant has a currently valid registration or license.

11

12 (2) The application has been submitted on a completed
13 [Form _____]

14

15 (3) The applicant has supplied all of the following to the
16 Commission:

17

18 (A) A two by two inch color passport-style photograph taken
19 no more than 30 days before submission to the
20 Commission of the badge replacement request.

21

22 (B) A nonrefundable \$25.00 fee payable to the Commission.

23 • Information concerning the TPPPS provider for which the new or replacement
24 badge is requested: the name of the TPPPS provider, mailing address, voice
25 telephone number, facsimile number (if any), email address (if any), the
26 category of the position.

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- (b) A new or replacement badge issued pursuant to this section shall be valid during the unexpired term of the previously issued registration or license.
- (c) Upon issuance of the new or replacement badge, the previously issued badge for that third-party proposition services provider shall become void and shall not be used thereafter.
- (d) New or replacement badges shall be issued by the Commission within seven days of receipt of a complete application.

Authority:***

Reference:***

Section 12200.7 Proposition Player Contract Criteria

- (a) All proposition player contracts shall 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 proposition player contract.
- (b) Each proposition player contract shall 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.

- 1 (2) The effective dates of the contract.
- 2 (3) The specific name of the Division-approved gaming activities for
3 which proposition player services will be provided.
- 4 (4) The maximum and minimum number of gaming tables available to the
5 proposition player provider service.
- 6 (5) That no more than one owner, supervisor, or player from each
7 provider of proposition player service shall simultaneously play at a
8 table.
- 9 (6) The hours of operation that proposition player services will be
10 provided.
- 11 (7) A detailed description of the location, applicable security measures,
12 and purpose of any currency, chips, or other wagering instruments that
13 will be stored, maintained, or kept within the gambling establishment
14 by or on behalf of the primary owner.
- 15 (8) That proposition player services shall be provided in the gambling
16 establishment only in compliance with laws and regulations pertaining
17 to controlled gambling.
- 18 (9) That proposition player services may be provided only by authorized
19 players with current registration or licensing under this chapter.
- 20 (***) That the primary owner shall provide the gambling establishment with
21 a copy of its registration or license certificate, and that the gambling
22 establishment shall maintain the certificate on file, together with a
23 copy of the contract applying to that establishment.

- 1 (10) That a registrant or licensee may not provide proposition player
2 services in a gambling establishment for which the registrant holds a
3 state gambling license, key employee license, or work permit.
- 4 (11) That collection fees charged by the house for participation in any
5 controlled game shall be the same as those charged to other
6 participants during the play of the game.
- 7 (12) The form to be used for the playing book record and the initial
8 number that will be used for the sequentially numbered forms.
- 9 (13) Any agreement between the primary owner and the house for owners
10 or supervisors to inspect or receive a copy of surveillance recordings
11 of tables at which proposition player services are provided under the
12 contract during the times the services are provided, as necessary for
13 business purposes.
- 14 (14) [A full disclosure of any financial arrangements entered into during
15 the term of the contract for any purpose between the house and any
16 registrant or licensee covered by the proposition player contract.] If
17 there is no financial consideration that passes under the contract, a
18 statement to that effect shall be included.
- 19 (15) That any legal dispute between the primary owner and the house,
20 including any exclusion of a registered owner, player, or supervisor
21 covered by the contract from the house shall be reported within 10
22 days by the primary owner and the house to the Commission and
23 Division.

- 1 (16) That the primary owner and the house shall report within 10 days to
2 the Commission and Division the identity of any registrant whose
3 activities are covered by the proposition player contract and who is
4 arrested in the gambling establishment by a peace officer, who is
5 removed from the gambling establishment by a peace officer or the
6 house, or who is involved in a patron dispute regarding his or her
7 activities in the gambling establishment that is the subject of a report
8 to a peace officer and that results in removal of one or more
9 individuals.
- 10 (17) That any cheating reported to the house by a registrant or licensee
11 shall be reported within 5 days by the primary owner and the house to
12 the Commission and Division.
- 13 (18) That the criteria for granting any rebates by proposition players to
14 patrons be spelled out in the contract; and that neither the house nor
15 any employee of the house shall have any role in rebates.
- 16 (19) That any tipping arrangements shall be specified in the contract; that
17 percentage tips shall not be given; and that tips shall not be given to
18 employees of the house having either decision-making authority over
19 the outcome of the game or supervisory responsibilities.
- 20 (20) That the primary owner may reimburse the house in specified amounts
21 for equipment such as surveillance cameras and monitors, or cards,
22 shuffling machines, and dice. Neither the primary owner nor its
23 employees shall purchase or control such equipment.

1 (c)(1) Except as expressly authorized by this subsection (c), a proposition player
2 contract shall not include any provision authorizing payment to or receipt by
3 the house, or a designee thereof, of any share of the profits or revenues of a
4 registrant. Any payments made by a registrant or licensee to the house for a
5 purpose determined by agreement with the house shall be specifically
6 authorized by the proposition player contract. All payments shall be
7 specified in the contract. The contract shall identify each specific service or
8 facility provided under the contract and shall specify the total charge for
9 each category, such as advertising.

10 (2) In no event may a proposition player contract provide for any
11 payment based on a percentage or fraction of the registrant's gross
12 profits or wagers made or the number of players. All payments shall
13 be fixed and shall only be made for services and facilities requested
14 by, and provided to, the registrant or licensee, and for a reasonable
15 share of the cost of advertising with respect to gaming at the gambling
16 establishment in which the registered owner participates.

17 (3) No contract provision shall authorize any payments for services or
18 facilities that are substantially disproportionate to the value of the
19 services or facilities provided. No contract shall include any charge,
20 direct or indirect, for the value of an exclusive right to conduct
21 proposition play within all or a portion of the gambling establishment.
22 No payment other than the collection fee for play, shall be required
23 for play at any table, including, without limitation, reservation of a
24 seat.

1 (d) The proposition player contract shall not contain any provision that limits
2 contact with officials or employees of the Commission or Division. The
3 proposition player contract shall prohibit an owner or the house from
4 retaliating against any registrant or licensee on account of contact with an
5 official or employee of the Commission or Division or any other public
6 official or agency.

7 (e) A proposition player_contract shall be consistent with the provisions of
8 Business and Professions Code section 19984, subdivision (a), prohibiting a
9 gambling establishment or the house from having any interest, whether
10 direct or indirect, in funds wagered, lost, or won. No proposition player
11 contract shall be approved that would permit the house to bank any game in
12 the gambling establishment, for example, no contract provision shall require
13 a registrant or licensee to pay for prizes awarded as a result of promotions.

14
15 (f) Each proposition player contract approved by the Division shall contain a
16 provision authorizing the Commission, after receiving the findings and
17 recommendation of the Division, to terminate the contract for any material
18 violation of any term required by this section.

19 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

20 **Reference:** Section 19984, Business and Professions Code

21

22 **Section 12200.9 Review and Approval of Proposition Player**
23 **Contracts**

1 (a) (1) On and after April 30, 2004, proposition player services shall not be
2 provided except pursuant to a written proposition player contract
3 approved in advance by the Division. Provision of proposition player
4 services by any person subject to registration or licensing under this
5 chapter, or engagement of proposition player services by the holder of
6 a state gambling license, without a contract as required by this section
7 is a violation of this section. The Division shall approve a proposition
8 player contract if the contract is consistent with this regulation and the
9 Act; the contract does not provide for controlled gambling that will be
10 conducted in a manner that is inimical to the public health, safety, or
11 welfare; the contract will not create or enhance the dangers of
12 unsuitable, unfair, or illegal practices, methods, or activities in the
13 conduct of controlled gambling or in the carrying on of the business
14 and financial arrangements incidental thereto; and will not undermine
15 public trust that the controlled gambling operations covered by the
16 contract will be conducted honestly, by reason of the existence or
17 perception of any collusive arrangement between any party to the
18 contract and the holder of a state gambling license, or otherwise.

19 (2) Prior to December 7, 2003, each primary owner providing proposition
20 player services at a gambling establishment on the date that these
21 regulations originally became effective (November 6, 2003) shall
22 submit an Application for Contract Approval Provider of Proposition
23 Player Services (DGC-APP.030, rev. 09/03), which is hereby
24 incorporated by reference.

25 (3) A complete application for contract approval shall include all of the
26 following:

- 1 (A) A completed Application for Contract Approval Provider of
2 Proposition Player Services (DGC-APP.030, rev. 09/03), which
3 is hereby incorporated by reference.
4
- 5 (B) A completed Appointment of Designated Agent for Owners and
6 Proposition Players (DGC-APP.031, rev. 09/03), which is
7 hereby incorporated by reference.
8
- 9 (C) An executed copy of the contract that specifically addresses all
10 of the requirements of Section 12200.7.
11
- 12 (D) A playing book form that specifically addresses all of the
13 requirements of section 12200.13.
14
- 15 (E) A five hundred dollar (\$500) nonrefundable application fee.
16
- 17 (F) A deposit in such amount as, in the judgment of the Director of
18 the Division, will be sufficient to pay the anticipated processing
19 costs. The Division may require an additional sum to be
20 deposited to pay the final costs of the review and approval or
21 disapproval of the contract. Any money received as a deposit in
22 excess of the costs incurred in the review and approval or
23 disapproval of the contract will be refunded and an itemized
24 accounting will be provided to the primary owner, or primary
25 owner's designee.

1 (4) The Division shall notify the applicant, in writing, within ten working
2 days of receiving the application that the application or resubmitted
3 application is complete or incomplete. If an application is incomplete,
4 the Division shall request, in writing, any information, fees, or
5 documentation needed to complete the application. Unless extended
6 by the Division for further investigation up to 90 days or with the
7 consent of the applicant, review and approval or disapproval of a
8 proposition player contract shall be completed within 90 days of
9 receiving a completed application and notice thereof shall be sent via
10 United States mail to the applicant or the applicant's designee within
11 10 days of the Division's decision. Notice of disapproval of the
12 contract or amendments shall specify the cause.

13 (5) [The Division may make available to any applicant, upon request,
14 examples of previously approved contracts, as modified to delete any
15 identifying information of the parties, any reference to the specific
16 amount of monetary consideration, and any other terms or conditions
17 of the contract that the Division determines should remain
18 confidential. Nothing in this paragraph shall be construed to require
19 the Division to approve a contract in the form of any exemplar
20 contract made available pursuant to this paragraph.]

21 (b) (1) In lieu of the procedure specified in subsection (a), the Division shall
22 provide an expedited review process of an application for contract
23 approval if all of the following conditions exist:
24

25 (A) Proposition player services were provided in the gambling
26 establishment at any time during the 30 days preceding the

1 application pursuant to a contract that was previously approved
2 by the Division and that has been terminated.

3
4 (B) The proposed contract is between the house and a different
5 primary owner than the previous contract under which
6 proposition player services were provided in the gambling
7 establishment.

8
9 (C) The terms of the proposed contract are substantially identical to
10 the contract previously approved by the Division under which
11 proposition player services were provided in the gambling
12 establishment at any time during the 30 days preceding the
13 application.

14
15 (2) If an application for contract approval is submitted as an expedited
16 contract request and the Division determines that it does not meet the
17 criteria, the primary owner or designee and the house shall be notified
18 within one business day of the Division's decision. Any contract that
19 is not processed through the expedited review and approval process
20 shall be treated as a new contract request and reviewed and approved
21 or disapproved as otherwise provided by subsection (a).

22
23 (3) The Division shall complete the expedited review and approval of a
24 contract within three business days of receiving all of the following:

25
26 (A) A completed Application for Contract Approval Provider of
27 Proposition Player Services (DGC-APP.030, rev. 09/03).

- 1
- 2 (B) A completed Appointment of Designated Agent for Owners and
3 Proposition Players (DGC-APP.031, rev. 09/03).
- 4
- 5 (C) An executed copy of the contract that specifically addresses all
6 the requirements of Section 12200.7.
- 7
- 8 (D) A playing book form that specifically addresses all the
9 requirements of Section 12200.9.
- 10
- 11 (E) A five hundred dollar (\$500) nonrefundable application fee.
- 12 (F) An expedited processing fee of \$550.
- 13 (c) (1) Within 20 days of determining that any application for approval of a
14 proposition player contract or amendment is complete, the Division
15 shall submit the contract or amendment to the Commission for review
16 and comment. The Commission shall provide the Division with
17 comments, if any, within 15 days of receipt of the contract or
18 amendment.
- 19 (2) A copy of the Division's notice of approval or disapproval of a
20 proposition player contract or amendment thereto shall be sent to the
21 Commission.
- 22 (d) An executed copy of the currently effective contract, and all amendment(s)
23 thereto, and a copy of all Division notices that approved the contract and any
24 amendment shall be maintained at the gambling establishment and shall be

1 provided for review or copying upon request by any representative of the
2 Commission or Division.

3 (e) The term of any proposition player contract shall not exceed one year. [and
4 shall not be extended or renewed without the prior approval of the Division.]
5 No amendment changing any of the contract terms referred to in Section
6 12200.7, other than paragraphs (3), (4), and (6) of subsection (b) thereof,
7 may become effective during the term of a proposition player contract
8 without the prior written approval of the Division. If any amendment is
9 made to a proposition player contract term specified in paragraphs (3), (4),
10 or (6) of subsection (b) of Section 12200.7, both parties to the contract shall
11 notify the Commission and Division in writing of the amendment within 10
12 days of the execution thereof by the parties to the contract.

13 (f) Requests to review and approve an amendment to a proposition player
14 contract shall be submitted with an application for approval along with an
15 executed copy of the contract, a five hundred dollar (\$500) nonrefundable
16 application fee, and a deposit in such amount as, in the judgment of the
17 Director of the Division, will be sufficient to pay the anticipated processing
18 costs. The Division may require an additional sum to be deposited to pay
19 the final costs of the review and approval or disapproval of the amendment.
20 Any money received as a deposit in excess of the costs incurred in the
21 review and approval or disapproval of the amendment shall be refunded and
22 an itemized accounting shall be provided to the primary owner or the
23 primary owner's designee.

24 (g) All proposition player contracts shall be subject to, and superseded by, any
25 changes in the requirements of regulations adopted under Business and

1 Professions Code section 19984 that conflict with or supplement provisions
2 of the proposition player contract.

3 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

4 **Reference:** Section 19984, Business and Professions Code

5

6 **Section 12200.11 [Renewal] Proposition Player Contracts**

- 7 • new application form—DGC to draft
- 8 • \$500 application fee
- 9 • DGC must receive application for approval 90 days prior to expiration date
10 of existing contract
- 11 • 15 day CGCC review period prior to DGC approval
- 12
- 13 • If, after a review of the application, the Division of Gambling Control
14 determines that further investigation is needed, the applicant shall submit an
15 additional sum of money that, in the judgment of the Director of the
16 Division, will be adequate to pay the anticipated investigation and
17 processing costs.

18

19 **Section 12200.13 Playing Books**

- 20 (a) The primary owner shall be responsible for assuring that ~~their~~ its players
21 maintain accurate, complete, and up-to-date playing books for all sessions of

1 play worked in conformity with regulations of the Commission. The
2 information in the playing-book record shall be transferred to the primary
3 owner, or a supervisor designated by the primary owner, on a daily basis.
4 Primary owners shall maintain this information in English at a single
5 location in the State of California, and shall maintain the original playing
6 book records in the State of California, for at least five years. The location
7 or locations where the records of this information and the original playing
8 book records are maintained, and any change therein, shall be disclosed to
9 the Commission and Division by written notice mailed or delivered within
10 five business days after establishing or changing such a location.

11 (b) Playing books shall be prepared and maintained as follows:

12 (1) Playing book forms shall be reviewed and approved or disapproved
13 during the review of the contract by the Division.

14 (2) Each form in the playing book shall be recorded in ink and include,
15 but not be limited to, the following information:

16 (A) Sequential numbers. Any unused form shall be voided and
17 maintained in the playing book.

18 (B) Specify the name of the gambling establishment where play
19 occurred.

20 (C) The date when play occurred.

21 (D) Beginning and ending balances.

22 (E) All fills and credits affecting the balance shall be individually
23 identified.

1 (F) The printed full name and badge number of the proposition
2 player, which includes owners, supervisors, and/or players.

3 (G) The table number.

4 (H) The specific name of the Division-approved gaming activity.

5 (I) The name of the primary owner.

6 (3) The form for each session of play shall be dated and signed under
7 penalty of perjury by the person who prepared it and shall include a
8 declaration in the following form: "I declare under penalty of perjury
9 under the laws of the State of California that the foregoing is true and
10 correct."

11 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

12 **Reference:** Section 19984, Business and Professions Code

13
14 **Section 12200.15 Transfers and Sales**

15 No individual who is an owner shall in any manner transfer any interest in the
16 proposition player services operation to any person, firm, or corporation not then
17 an owner of an interest therein, and such a transfer shall not become effective for
18 any purpose, until the proposed transferee or transferees have made application for
19 and obtained registration or licensing as an owner from the Commission.

20 Applications for a transfer of the interest shall be made by the transferee applying
21 for registration or licensing under this regulation. Evidence of the transferor's

1 agreement to transfer the interest shall accompany the application for registration
2 or licensing.

- 3 • Pre-approval of articles of incorporation for sales and transfers prior to
4 submission of application
- 5 • Effective date of sale must be at least 90 days after receipt of application

6 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

7 **Reference:** Section 19984, Business and Professions Code

8 **Section 12200.16. Inspections**

9 When requested by a representative of the Commission or Division, a registrant or
10 licensee shall immediately permit the Commission or Division representative, in
11 accordance with the request, to inspect, copy, or audit all requested documents,
12 papers, books, and other records of the registrant or licensee related to the
13 provision of proposition player services. If the records are maintained in electronic
14 form and the registrant or licensee is requested to do so, the registrant or licensee
15 shall provide a printed copy pursuant to this section within 24 hours.

- 16 • Records must be maintained in English, in California

17 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

18 **Reference:** Section 19984, Business and Professions Code

19

20 **Section 12200.17 Emergency Orders**

1 Registrants and licensees under this chapter shall be subject to emergency orders
2 under Business and Professions Code section 19931.

3 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

4 **Reference:** Sections 19984 and 19931, Business and Professions Code

5 **Section 12200.18 Revocation**

6 The Commission may revoke a license or registration, upon any of the following
7 grounds, after a hearing conducted pursuant to the same procedures applicable to
8 the revocation of a gambling establishment license:

- 9 (a) The licensee or registrant committed, attempted to commit, or conspired to
10 commit any acts prohibited by the Gambling Control Act or this chapter.
- 11 (b) Any act or omission by the registrant that would disqualify the registrant
12 from obtaining registration under this chapter. Any act or omission by the
13 licensee that would disqualify the licensee from obtaining licensing under
14 this chapter.
- 15 (c) The licensee or registrant engaged in any dishonest, fraudulent, or unfairly
16 deceptive activities in connection with controlled gambling, including any
17 violation of laws related to cheating.
- 18 (d) The licensee or registrant failed or refused to comply with the requirements
19 of Section [12211].
- 20 (e) The licensee or registrant concealed or refused to disclose any material fact
21 in any inquiry by the Division or the Commission.

- 1 (f) The licensee or registrant committed, attempted, or conspired to commit any
2 embezzlement or larceny against a gambling licensee or proposition player
3 registrant or upon the premises of a gambling establishment.
- 4 (g) The licensee or registrant has been lawfully excluded from being present
5 upon the premises of any licensed gambling establishment for any reason
6 relating to cheating or any violation of the Gambling Control Act by the
7 registrant.
- 8 (h) The primary owner or any other owner knowingly permitted one or more of
9 the owner's supervisors or players to commit any act described in
10 subsections (a) to (f), inclusive.
- 11 • Registrant or licensee buys or sells chips outside the cage.
 - 12 • Registrant or licensee lends money or chips to participants in a controlled game.
 - 13 • [for inclusion in permanent filing, but not emergency readoption/amendment:
14 regulation of side betting]
- 15
- 16 (i) The primary owner or any other owner knew, or failed to implement
17 reasonable oversight procedures that would have apprised the owner, that
18 one or more of the registrants or licensees was in violation of one or more
19 provisions of this chapter or of the Gambling Control Act and failed or
20 refused to take action to prevent the recurrence of the violation or violations.

21 **Authority:** Sections 19840, 19941, and 19984, Business and Professions Code

22 **Reference:** Section 19984, Business and Professions Code

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NEW SECTION OR UNDER EXISTING SECTION

- An individual registered or licensed as an “other employee” may not function as a player unless and until that individual applies for and obtains registration or licensing as player.
- Only authorized players may perform the functions of a supervisor or player.
- The holder of a supervisor’s registration or license may also perform the functions of a player.
- Only authorized players may possess, direct, or otherwise control currency, chips, or other wagering instruments used for play in the performance of a proposition player contract.

Article 2. Interim Registration [NEW ARTICLE]

Section 12200.9 Transition to Licensing

- For possible inclusion in permanent regulations: a program authorizing temporary player licenses or registrations, so that persons newly hired as players can go to work without delay.
- No person may provide proposition player services as an owner, supervisor, or player or obtain a badge as required by Section 12200.3 without a current valid license issued by the Commission, except that entities and individuals registered as owners, supervisors, or players

1 may continue to provide those proposition player services under a
2 valid registration, including a renewed registration, until the
3 Commission grants or denies licensing.
4

- 5 • The Division shall summon persons registered as owners, supervisors,
6 players, and other employees for the purpose of applying for licenses
7 under his chapter. The Division shall summon registrants in a way
8 that will provide for the orderly licensing of primary owners, owners,
9 supervisors, players, and other employees as expeditiously as possible
10 in light of available program resources. The registration of any
11 registrant that fails or refuses to submit a supplemental license
12 application package including any fees to the Commission within 30
13 days of receiving a summons from the Division shall expire by
14 operation of law on the following day. Prior to and during review of a
15 license application, a registration shall remain valid and may be
16 renewed by the registrant as necessary, upon application and approval
17 of renewal of registration as provided in this chapter.
- 18 • If the registration expires, the former registrant will need to submit a
19 new application and a new nonrefundable application fee.
20
- 21 • The transition from registration to licensing shall be completed no
22 later than January 30, 2007.
23
- 24 • The license application process, since it is the second phase of the
25 interim registration-licensing program, does not require payment of
26 an additional fee.

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- If an application for licensing as a primary owner, owner, supervisor, or player is granted, a license may be issued to the applicant, to expire as provided in Section 12218.19 (Term of License).

Authority: Sections 19840, 19841, and 19984, Business and Professions Code

Reference: Section 19984, Business and Professions Code

Section 12201. Registration

- (a) On and after March 31, 2004, no person may provide proposition player services or obtain a badge as required by Section 12200.3 without a current valid registration issued by the Commission.
- (b) Except as provided in subsection (c), registration shall be issued for a period of one year.
- (c) For owners, supervisors, and players, requirements for registration under this regulation will be superseded by licensing requirements upon the effective date of implementing regulations of the Commission to be adopted in the future. Registration under this chapter shall not create any vested right to licensing under those implementing regulations.
- (d) If a primary owner is a corporation, partnership, or other business entity, each owner, supervisor, and individual having a relationship to that entity specified in Business and Professions Code section 19852, subdivisions (a) to (h), inclusive, shall individually apply for and obtain registration as an

1 owner listed on the business entity's registration certificate. No business
2 entity or sole proprietor shall be registered under this chapter that is also
3 licensed under the Gambling Control Act to operate a gambling
4 establishment.

5 (e) If the application is for registration as a supervisor or player, the primary
6 owner that will employ the applicant shall be currently registered under this
7 chapter.

8 (f) A registration certificate shall be issued to each primary owner and shall
9 include an expiration date. All owners other than the primary owner, all
10 supervisors, and all persons required to be registered pursuant to subsection
11 (d) of this section shall not receive a separate registration certificate, but the
12 registration of every such person shall be endorsed on the registration
13 certificate that is issued to the primary owner.

14 (g) Registration is non-transferable.

15 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

16 **Reference:** Sections 19984 and 19951(a), Business and Professions Code

17 **Section 12202. Application for Registration**

18 (a) The application for registration shall designate whether the registration is
19 requested as a primary owner, other owner, supervisor, player, or other
20 employee. The application shall be signed by the individual applicant or, if
21 the applicant is a business entity, by the chief executive officer or other
22 designated officer of the business entity.

- 1 (b) An application for registration shall include all of the following:
- 2 (1) Payment of a nonrefundable application fee in the amount of five
3 hundred dollars (\$500).
- 4 (2) A completed Application for Third Party Proposition Player Services
5 Registration (CGCC-035, rev. 02/04), which is hereby incorporated
6 by reference.
- 7 (3) A Request for Live Scan Service (California Department of Justice
8 Form BCII 8016, rev. 4/01) for an applicant that is an individual,
9 confirming that the applicant's fingerprints have been submitted to the
10 Bureau for an automated background check and response.
- 11 (4) Two two-by-two inch color passport-style photographs of an applicant
12 that is an individual taken no more than one year before submission of
13 the application to the Commission.
- 14 (c) An applicant shall submit such supplemental information as may be required
15 by the Commission form Third Party Proposition Player Services
16 Registration Supplemental Information (CGCC-036, rev. 02/04), which is
17 hereby incorporated by reference, or by the Division as necessary for
18 completion of its review as provided in this chapter.
- 19 (d) An applicant for registration or for any approval required by this chapter
20 shall make full and true disclosure of all information to the Commission and
21 Division as required for the application and as requested by the Commission
22 or Division to carry out the policies of this state relating to controlled
23 gambling.

1 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

2 **Reference:** Sections 19984 and 19951(a), Business and Professions Code

3 **Section 12203. Processing of Applications for Initial Registration**

4 (a) The Executive Director shall notify the applicant in writing within 20 days
5 of receiving the application, that the application or resubmitted application is
6 complete and accepted for filing, or that the application or resubmitted
7 application is deficient. If an application for registration is incomplete, the
8 Executive Director shall request in writing any information needed in order
9 to complete the application. The applicant shall be permitted at least 60 but
10 no more than 90 days in which to furnish the information. If the applicant
11 fails to respond to the request, the application shall be deemed abandoned
12 and no further action will be taken on it.

13 (b) Upon determination that an application for registration is complete, the
14 application shall be processed within 60 days and the Executive Director
15 shall either issue the registration and badge applied for or shall notify the
16 applicant of denial and the grounds therefor under Section 12204. However,
17 this time may be extended by the Executive Director for no more than 30
18 additional days if necessary to obtain information required to determine
19 eligibility. The Executive Director shall promptly notify the applicant in
20 writing of any such delay, including the length of the extension.

- 21 • Under consideration for possible inclusion in permanent regulation
22 proposal:

1 A temporary player registration process, in which the Executive
2 Director is empowered to issue 120-day temporary player
3 registrations, similar to a temporary work permit. In this process, the
4 applicant could begin work after a 15-day wait.

5 (c) If the applicant submits a request for withdrawal of his or her application to
6 the Commission, the application shall be deemed abandoned and no further
7 action will be taken on it.

8 (d) The Commission shall provide written notice of abandonment of an
9 application to the applicant and the Division. If the application is for
10 registration as a supervisor, player, or other employee, the Commission shall
11 also provide written notice of abandonment of the application to the primary
12 owner.

13 (e) Nothing in this chapter shall require the Commission or Division to divulge
14 to the applicant any confidential information received from any law
15 enforcement agency or any information received from any person with
16 assurances that the information would be maintained as confidential, and
17 nothing in this chapter shall require the Commission or Division to divulge
18 any information that might reveal the identity of any source of information
19 or jeopardize the safety of any person.

20 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

21 **Reference:** Section 19984, Business and Professions Code.

22 **Section 12203.5 Processing of Application for Renewal of**
23 **Registration**

- 1 • Renewal applications shall be submitted no later than 120 days prior to the
2 expiration of the current registration, together with all required fees. If an
3 application is received after the 120 day deadline, an “expedited processing
4 fee” of \$___ shall be submitted with the application. Late renewal
5 applications will, if possible, be processed prior to the expiration date of the
6 current registration, depending upon program resources. If an expedited
7 processing fee is due but has not been received, the application shall be
8 deemed incomplete.

9 **Section 12204. Ineligibility for Registration**

10 An applicant shall be ineligible for registration for any of the following causes:

- 11 (a) The applicant has been convicted of any felony, including a conviction in a
12 court of the United States or any other state of an offense that is classified as
13 a felony by the laws of this state.
- 14 (b) The applicant has, within the ten year period immediately preceding the
15 submission of the application, been convicted of a misdemeanor involving a
16 firearm or other deadly weapon, gaming or gaming-related activities
17 prohibited by Chapter 9 (commencing with Section 319) or Chapter 10
18 (commencing with section 330) of Title 9 of Part 1 of the Penal Code,
19 violations of the Gambling Control Act, or dishonesty or moral turpitude,
20 not including convictions which have been expunged or dismissed as
21 provided by law.
- 22 (c) If the application is for registration as an owner, supervisor, or player, the
23 applicant has been subject to a final administrative or judicial adjudication
24 revoking a registration under this chapter or a state gambling license, key

1 employee license, work permit or finding of suitability or has had an
2 application denied under this chapter or the Gambling Control Act.

3 (d) The applicant would be ineligible for a state gambling license under any of
4 the criteria set forth in Business and Professions Code section 19859,
5 subdivisions (b), (e), (f), or (g), the terms of which are incorporated by
6 reference and hereby expressly made applicable to applications for
7 registration under this chapter.

8 (e) The applicant would be ineligible for a state gambling license under
9 Business and Professions Code section 19858, the terms of which are
10 incorporated by reference and hereby expressly made applicable to
11 applications for registration under this chapter.

12 (f) The applicant has violated one or more of the prohibitions set forth in
13 Subsection 12200.7(b)(5), (10) or Subsection 12200.7(c).

14 (g) The applicant has failed to comply with one or more of the requirements set
15 forth in Subsection 12200.7(b)(8), (9), (15), (16), or (17) or in Subsection
16 12200.7(e).

17 (h) The applicant has failed to act in accordance with the requirements of
18 Subsection 12200.7(c).

19 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

20 **Reference:** Section 19984, Business and Professions Code

21 **12205. Cancellation of Registration**

1 (a) Any registration issued in accordance with this chapter shall be subject to
2 cancellation pursuant to this section. A registration shall be cancelled if the
3 Commission determines upon a noticed hearing that the registrant is
4 ineligible for registration, has failed in the application for registration to
5 reveal any fact material to the holder's qualification for registration, or has
6 supplied information in the registration application that is untrue or
7 misleading as to a material fact pertaining to the criteria for issuance of
8 registration.

9 (b) If the Commission finds that any of the circumstances set forth in subsection
10 (a) apply, then the Executive Director shall immediately do all of the
11 following:

12 (1) Provide written notice to the registrant and the Division of the
13 cancellation of the registration and the grounds thereof, and provide
14 written notice of the cancellation to the owner, if the registrant is a
15 supervisor, player, or other employee and to any gambling
16 establishment in which the registrant provides proposition player
17 services.

18 (2) Notify the registrant that he or she is required to surrender the
19 registrant's badge to the Commission not more than ten days
20 following the date that the notice of the cancellation was mailed or
21 such greater time as is authorized by the Executive Director.

22 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

23 **Reference:** Section 19984, Business and Professions Code

1 **Section 12206. Badge**

2 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

3 **Reference:** Section 19984, Business and Professions Code

4 **Section 12207. Proposition Player Contract Criteria**

5 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

6 **Reference:** Section 19984, Business and Professions Code

7 **Section 12208. Review and Approval of Proposition Player**
8 **Contracts**

9 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

10 **Reference:** Section 19984, Business and Professions Code

11 **Section 12209. Playing Books**

12 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

13 **Reference:** Section 19984, Business and Professions Code

14 **Section 12210. Transfers and Sales**

15 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

16 **Reference:** Section 19984, Business and Professions Code

17 **Section 12211. Inspections**

18 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

1 **Reference:** Section 19984, Business and Professions Code

2 **Section 12212. Compliance**

3 (a) Each primary owner shall remit such fees to defray the costs of compliance
4 review and enforcement in the field as may be required by regulation of the
5 Division.

- 6 • Applies to registrants only.

7
8 (b) Registrants shall comply with game rules approved by the Division
9 regarding player-dealer rotation and table wagering. No registrant shall be
10 accorded any preference by the house over other players; provided, that a
11 proposition player contract may, at any table assigned for play by the
12 contracted registrant, preclude players of any other registrant under this
13 chapter or chapter 2.2 of this title from playing at that table during the
14 periods of play assigned by the proposition player contract for the contracted
15 registrant. For purposes of this subsection, “preference” means and is
16 limited to both of the following if sanctioned by house rule or otherwise
17 directed by the house or its employees:

18
19 (1) Any priority in the continuous and systematic rotation of the deal,
20 as required by Penal Code section 330.11, such that a registrant
21 becomes entitled by reason of the priority to occupy the player-
22 dealer position more often than other players. Nothing in this
23 paragraph precludes the house from assigning a particular seat to a
24 registrant.

1 (2) Any advantage to the registrant over other players in the placement
2 of wagers.

3 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

4 **Reference:** Section 19984, Business and Professions Code

5

6

7 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

8 **Reference:** Section 19984, Business and Professions Code

9 **Section 12214. Emergency Orders**

10 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

11 **Reference:** Sections 19984 and 19931, Business and Professions Code

12

13 **Article 3. Licensing**

14

15 **Section 12218.17 Background Investigation Deposit**

16 Each applicant for a license shall submit with the application of sum of money that,
17 in the judgment of the Director of the Division, will be adequate to pay the
18 anticipated investigation and processing costs, in accordance with Business and
19 Professions Code section 19867.

1 **Authority:**

2 **Reference:**

3

4 **Section 12218.13 Annual Fee**

5 Each primary owner shall pay an annual fee based upon the number of
6 authorized players.

7 • Various ranges should be established following this formula:

8 Each primary owner with ___ through ___ authorized players shall
9 pay an annual fee of \$_____.

10 • Installment payments

11 • No license renewal application shall be accepted by the Commission until
12 any delinquent annual fees have been paid in full.

13

14 **Authority:**

15 **Reference:**

16

17

18 **Section 12218.15 Compliance –Licensing**

1 • **Needs to be reviewed and revised**

2 (a) Each primary owner shall remit such fees to defray the costs of compliance
3 review and enforcement in the field as may be required by regulation of the
4 Division.

5
6 (b) Licensees shall comply with game rules approved by the Division
7 regarding player-dealer rotation and table wagering. No licensee shall be
8 accorded any preference by the house over other players; provided, that a
9 proposition player contract may, at any table assigned for play by the
10 contracted licensee, preclude players of any other licensee under this chapter
11 or chapter 2.2 of this title from playing at that table during the periods of
12 play assigned by the proposition player contract for the contracted licensee
13 or registrant. For purposes of this subsection, “preference” means and is
14 limited to both of the following if sanctioned by house rule or otherwise
15 directed by the house or its employees:

16
17 (1) Any priority in the continuous and systematic rotation of the deal,
18 as required by Penal Code section 330.11, such that a licensee or
19 registrant becomes entitled by reason of the priority to occupy the
20 player-dealer position more often than other players. Nothing in
21 this paragraph precludes the house from assigning a particular seat
22 to a licensee.

23 (2) Any advantage to the licensee over other players in the placement
24 of wagers.

1 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

2

3 **Reference:** Section 19984, Business and Professions Code

4

5

6 **Section 12218.19 Term of License**

7 All initial licenses shall be issued for a period of two years. Due to nonrecurring
8 workload problems associated with the processing of initial license applications, all
9 other initial licenses that are granted within two years of the effective date of these
10 regulations shall be issued for a period of two years. Beginning in (month/day)
11 2007, all licenses other than player licenses shall be issued for a period of one year,
12 except as otherwise provided by a subsequently adopted regulation of the
13 Commission.

14



- 15 • **Chapter 2.2 to be converted into a licensing**
16 **program**

17 **Chapter 2.2 Gambling Businesses: Registration**

18 Section 12220. Definitions

19 Section 12221. Registration

1 Section 12222. Application for Registration

2

3 Section 12223. Processing of Applications

4 Section 12224. Ineligibility for Registration

5

6 Section 12225. Cancellation of Registration

7

8 Section 12226. Badge

9

10 Section 12227. Transfers and Sales

11

12 Section 12228. Inspections

13

14 Section 12229. Compliance

15

16 Section 12230. Revocation

17

18 Section 12231. Emergency Orders

19

20 Section 12232. Exclusion

21

22

23

1 **Section 12220. Definitions**

2 (a) Except as otherwise provided in subsection (b), the definitions in Business
3 and Professions Code section 19805 shall govern the construction of this
4 chapter.

5 (b) As used in this chapter:

6 (1) “Applicant” means the applicant for registration under this chapter,
7 including in the case of an owner that is a corporation, partnership, or
8 any other business entity, all persons whose registrations are required
9 to be endorsed upon the primary owner’s registration certificate.

10 (2) “Badge” means a form of identification issued by the Commission
11 identifying a registrant.

12 (3) “Bureau” means the Bureau of Criminal Identification and
13 Information of the California Department of Justice.

14 (4) “Commission” means the California Gambling Control Commission.

15 (5) “Deadly weapon” means any weapon, the possession or concealed
16 carrying of which is prohibited by Penal Code section 12020.

17 (6) “Division” means the Division of Gambling Control in the California
18 Department of Justice.

19 (7) “Executive Director” means the Executive Director of the
20 Commission or such other person as may be designated by the
21 Commission.

22

1 (8) "Funding source" means any person that provides financing, including
2 but not limited to loans, advances, any other form of credit, chips, or
3 any other representation or thing of value, to an owner registrant,
4 other than individual registrants under Subsection (d) of Section
5 12201. "Funding source" does not include any federally or state
6 chartered lending institution or any of the following entities that in the
7 aggregate owns at least one hundred million dollars (\$100,000,000) of
8 securities of issuers that are not affiliated with the entity:

9
10 (A) Any federal-regulated or state-regulated bank or savings
11 association or other federal- or state-regulated lending
12 institution.

13
14 (B) Any company that is organized as an insurance company, the
15 primary and predominant business activity of which is the
16 writing of insurance or the reinsuring of risks underwritten by
17 insurance companies, and that is subject to supervision by the
18 Insurance Commissioner of California, or a similar official or
19 agency of another state.

20
21 (C) Any investment company registered under the federal
22 Investment Company Act of 1940 (15 U.S.C. sec. 80a-1 et
23 seq.).

24
25 (D) Any retirement plan established and maintained by the United
26 States, an agency or instrumentality thereof, or by a state, its
27 political subdivisions, or any agency or instrumentality of a

1 state or its political subdivisions, for the benefit of its
2 employees.

3
4 (E) Any employee benefit plan within the meaning of Title I of the
5 federal Employee Retirement Income Security Act of 1974 (29
6 U.S.C. sec. 1001 et seq.).

7
8 (F) Any securities dealer registered pursuant to the federal
9 Securities Exchange Act of 1934 (15 U.S.C. sec. 78a et seq.).

10
11 (G) Any entity, all of the equity owners of which individually meet
12 the criteria of this paragraph (8).

13
14 (9) “Gambling business,” except as otherwise provided in this paragraph,
15 means a business enterprise that engages the services of employees,
16 independent contractors, or both to participate in the play of any
17 controlled game in a gambling establishment that has a rotating
18 player-dealer position as permitted by Penal Code section 330.11
19 “Gambling business” also refers to the conduct of such a business
20 enterprise in a gambling establishment. “Gambling business” does
21 not, however, include the provision of proposition player services
22 subject to Chapter 2 (commencing with Section 12200) of this title.

23
24 (10) “Gambling Control Act” or “Act” means Chapter 5 (commencing
25 with Section 19800) of Division 8 of the Business and Professions
26 Code.

1 (11) "Owner" includes all of the following:

2 (A) A sole proprietor, corporation, partnership, or other business
3 entity that provides or proposes to conduct a gambling business.

4 (B) Any individual specified in subsection (d) of Section 12221,
5 and

6 (C) Any funding source.

7 (12) "Primary Owner" means the owner specified in subparagraph (A) of
8 paragraph (11) of this subsection.

9 (13) "Registrant" means a person having a valid registration.

10 (14) "Registration" means a registration issued by the Commission
11 pursuant to this chapter.

12 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
13 Code

14 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code
15
16

17 **Section 12221. Registration**

18 (a) On and after March 5, 2004, no person may engage in a gambling business
19 as an owner or as an employee or independent contractor of an owner, nor
20 may any person obtain a badge as required by Section 12226 without a
21 current valid registration issued by the Commission. Persons registered to
22 provide proposition player services under Chapter 2 (commencing with

1 Section 12200) of this title are not required to register under this chapter to
2 provide proposition player services pursuant to one or more proposition
3 player contracts approved by the Division pursuant to Section 12208 of this
4 title.

5 (b) Registration shall be issued for a period of one year.

6 (c) If a primary owner is a corporation, partnership, or other business entity,
7 each owner and individual having a relationship to that entity specified in
8 Business and Professions Code section 19852, subdivisions (a) to (h),
9 inclusive, shall individually apply for and obtain registration as an owner
10 listed on the business entity's registration certificate.

11 (d) Any application for registration of any person, other than as the primary
12 owner, shall designate the primary owner or owners that will employ the
13 applicant or with whom the applicant otherwise will be affiliated. The
14 registration certificate issued to any person, other than the primary owner,
15 shall specify the name of the registered primary owner that employs the
16 applicant or with whom the applicant is otherwise affiliated.

17
18 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
19 Code

20
21 **Reference:** Section 19853(a)(3), Business and Professions Code
22

23 **Section 12222. Application for Registration**

- 1 (a) The application for registration shall designate whether registration is
2 requested as a primary owner, other owner, or employee or independent
3 contractor of the primary owner. The application shall be signed by the
4 individual applicant or, if the applicant is a business entity, by the chief
5 executive officer or other designated officer of the business entity.
- 6 (b) An application for registration shall include all of the following:
- 7 (1) Payment of a nonrefundable application fee in the amount of five
8 hundred dollars (\$500).
- 9 (2) A completed Application for Gambling Business Registration
10 (CGCC-037, rev. 02/04), which is hereby incorporated by reference.
- 11 (3) A Request for Live Scan Service (California Department of Justice
12 Form BCII 8016, rev. 4/01) of an applicant that is an individual,
13 confirming that the applicant's fingerprints have been submitted to the
14 Bureau for an automated background check and response.
- 15 (4) Two two-by-two inch color passport-style photographs of an applicant
16 that is an individual taken no more than one year before submission of
17 the application to the Commission.
- 18 (c) An applicant shall submit such supplemental information as may be required
19 by the Commission form Gambling Business Registration Supplemental
20 Information (CGCC-038, rev. 02/04), which is hereby incorporated by
21 reference, or by the Division as necessary for completion of its review as
22 provided in this chapter.

1 (d) An applicant for registration shall make full and true disclosure of all
2 information to the Commission and Division as required for the application
3 and as requested by the Commission or Division to carry out the policies of
4 this state relating to controlled gambling.

5 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
6 Code

7 **Reference:** Sections 19853(a)(3) and 19951(a), Business and Professions Code

8 **Section 12223. Processing of Applications**

9 (a) The Executive Director shall notify the applicant in writing within fifteen
10 business days of receiving the application, that the application or
11 resubmitted application is complete and accepted for filing, or that the
12 application or resubmitted application is deficient. If an application for
13 registration is incomplete, the Executive Director shall request in writing any
14 information needed in order to complete the application. The applicant shall
15 be permitted at least 60 but no more than 90 days in which to furnish the
16 information. If the applicant fails to respond to the request, the application
17 shall be deemed abandoned and no further action will be taken on it.

18 (b) Upon determination that an application for registration is complete, the
19 application shall be processed within 60 days and the Executive Director
20 shall either issue the registration and, if applicable, the badge applied for or
21 shall notify the applicant of denial and the grounds therefor under Section
22 12224. However, this time may be extended by the Executive Director for
23 no more than 30 additional days if necessary to obtain information required

1 to determine eligibility. The Executive Director shall promptly notify the
2 applicant in writing of any such delay, including the length of the extension.

3 (c) If the applicant submits a request for withdrawal of his or her application to
4 the Commission, the application shall be deemed abandoned and no further
5 action will be taken on it.

6 (d) The Commission shall provide written notice of abandonment of an
7 application to the applicant and the Division. If the application is for
8 registration as other than the primary owner, the Commission shall also
9 provide written notice of abandonment of the application to the primary
10 owner.

11 (e) Nothing in this chapter shall require the Commission or Division to divulge
12 to the applicant any confidential information received from any law
13 enforcement agency or any information received from any person with
14 assurances that the information would be maintained as confidential, and
15 nothing in this chapter shall require the Commission or Division to divulge
16 any information that might reveal the identity of any source of information
17 or jeopardize the safety of any person.

18 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
19 Code

20 **Reference:** Section 19853(a)(3), Business and Professions Code

21
22 **Section 12224. Ineligibility for Registration**

1 An applicant shall be ineligible for registration for any of the following causes:

2 (a) The applicant has been convicted of any felony, including a conviction in a
3 court of the United States or any other state of an offense that is classified as
4 a felony by the laws of this state.

5 (b) The applicant has, within the ten year period immediately preceding the
6 submission of the application, been convicted of a misdemeanor involving a
7 firearm or other deadly weapon, gaming or gaming-related activities
8 prohibited by Chapter 9 (commencing with Section 319) or Chapter 10
9 (commencing with section 330) of Title 9 of Part 1 of the Penal Code,
10 violations of the Gambling Control Act, or dishonesty or moral turpitude,
11 not including convictions which have been expunged or dismissed as
12 provided by law.

13 (c) The applicant has been subject to a final administrative or judicial
14 adjudication revoking a registration under this chapter or a state gambling
15 license, key employee license, work permit or finding of suitability or has
16 had an application denied under this chapter or the Gambling Control Act.

17 (d) The applicant would be ineligible for a state gambling license under any of
18 the criteria set forth in Business and Professions Code section 19859,
19 subdivisions (b), (e), (f), or (g), the terms of which are incorporated by
20 reference and hereby expressly made applicable to applications for
21 registration under this chapter.

22 (e) The applicant would be ineligible for a state gambling license under
23 Business and Professions Code section 19858, the terms of which are

1 incorporated by reference and hereby expressly made applicable to
2 applications for registration under this chapter.

3 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
4 Code

5 **Reference:** Section 19853(a)(3), Business and Professions Code

6 **Section 12225. Cancellation of Registration**

7 (a) Any registration issued in accordance with this chapter shall be subject to
8 cancellation pursuant to this section. A registration shall be cancelled if the
9 Commission determines upon a noticed hearing that the registrant is
10 ineligible for registration, has failed in the application for registration to
11 reveal any fact material to the holder's qualification for registration, or has
12 supplied information in the registration application that is untrue or
13 misleading as to a material fact pertaining to the criteria for issuance of
14 registration.

15 (b) If the Commission finds that any of the circumstances set forth in subsection
16 (a) apply, then the Executive Director shall immediately do all of the
17 following:

18 (1) Provide written notice to the registrant and the Division of the
19 cancellation of the registration and the grounds thereof, and provide
20 written notice of the cancellation to the primary owner, if the
21 registrant is not the primary owner and to all gambling establishments.

22 (2) Notify the registrant, if an individual, that he or she is required to
23 surrender the registrant's badge to the Commission not more than ten

1 days following the date that the notice of the cancellation was mailed
2 or such greater time as is authorized by the Executive Director.

3 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
4 Code.

5 **Reference:** Section 19853(a)(3), Business and Professions Code

6 **Section 12226. Badge**

7 All individuals registered under this chapter shall wear in a prominently visible
8 location a numbered badge issued by the Commission when present in a gambling
9 establishment during the conduct of the registrant's gambling business. The words
10 "GAMBLING BUSINESS REGISTRANT" in capital letters shall be prominently
11 displayed on the badge above the picture of the registrant submitted with the
12 application and the badge number, registrant's first name, and expiration date. The
13 registrant's full name shall be printed on the reverse side of the badge.

14 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
15 Code

16 **Reference:** Section 19853(a)(3), Business and Professions Code

17 **Section 12227. Transfers and Sales**

18 No individual who is an owner shall in any manner transfer any interest in the
19 gambling business to any person, firm, or corporation not then an owner of an
20 interest therein, and such a transfer shall not become effective for any purpose,
21 until the proposed transferee or transferees have made application for and obtained
22 registration as an owner from the Commission. Applications for a transfer of the

1 interest shall be made by the transferee applying for registration under this
2 regulation. Evidence of the transferor's agreement to transfer the interest shall
3 accompany the application for registration.

4 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
5 Code

6 **Reference:** Section 19853(a)(3), Business and Professions Code

7

8 **Section 12228. Inspections**

9 When requested by a representative of the Commission or Division, a registrant
10 shall immediately permit the Commission or Division representative, in
11 accordance with the request, to inspect, copy, or audit all requested documents,
12 papers, books, and other records of the registrant related to the gambling business.
13 If the records are maintained in electronic form and the registrant is requested to do
14 so, the registrant shall provide a printed copy pursuant to this section.

15 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
16 Code

17 **Reference:** Section 19853(a)(3), Business and Professions Code

18 **Section 12229. Compliance**

19 (a) Each primary owner shall remit such fees to defray the costs of compliance
20 review and enforcement in the field as may be required by regulation of the
21 Division.

- 1 (b) No more than one registrant of a single gambling business shall
2 simultaneously play at a table.
- 3
- 4 (c) Registrants shall comply with game rules approved by the Division
5 regarding player-dealer rotation and table wagering. No registrant shall be
6 accorded any preference by the house over any other player. For purposes
7 of this subsection, “preference” means and is limited to both of the
8 following if sanctioned by house rule or otherwise directed by the house
9 or its employees:
- 10 (1) Any priority in the continuous and systematic rotation of the deal,
11 as required by Penal Code section 330.11, such that a registrant
12 becomes entitled by reason of the priority to occupy the player-
13 dealer position more often than other players.
- 14 (2) Any advantage to the registrant over other players in the placement of
15 wagers.
- 16 (d) No gambling business in which the house has any financial interest may play
17 in the house.
- 18 (e) No registrant may play in any a gambling establishment for which the
19 registrant holds a state gambling license, key employee license, or work
20 permit.

21 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
22 Code

23 **Reference:** Section 19853(a)(3), Business and Professions Code

1 **Section 12230. Revocation**

2 The Commission may revoke a registration upon any of the following grounds,
3 after a hearing conducted pursuant to the same procedures applicable to revocation
4 of gambling establishment licenses:

5 (a) The registrant committed, attempted to commit, or conspired to commit any
6 acts prohibited by the Gambling Control Act or this chapter.

7 (b) Any act or omission by the registrant that would disqualify the registrant
8 from obtaining registration under this chapter.

9 (c) The registrant engaged in any dishonest, fraudulent, or unfairly deceptive
10 activities in connection with controlled gambling, including any violation of
11 laws related to cheating.

12 (d) The registrant failed or refused to comply with the requirements of Section
13 12228.

14 (e) The registrant concealed or refused to disclose any material fact in any
15 inquiry by the Division or the Commission.

16 (f) The registrant committed, attempted, or conspired to commit any
17 embezzlement or larceny against a gambling licensee or upon the premises
18 of a gambling establishment.

19 (g) The registrant has been lawfully excluded from being present upon the
20 premises of any licensed gambling establishment for any reason relating to
21 cheating or any violation of the Gambling Control Act by the registrant.

1 (h) The primary owner or any other owner knowingly permitted one or more of
2 the employees or independent contractors of the gambling business to
3 commit any act described in subsections (a) to (f), inclusive.

4 (i) The primary owner or any other owner knew, or failed to implement
5 reasonable oversight procedures that would have apprised the owner, that
6 one or more of the employees or independent contractors of the gambling
7 business was in violation of one or more provisions of this chapter or of the
8 Gambling Control Act and failed or refused to take action to prevent the
9 recurrence of the violation or violations.

10 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
11 Code

12 **Reference:** Section 19853(a)(3), Business and Professions Code

13 **Section 12231. Emergency Orders**

14 Registrants under this chapter shall be subject to emergency orders under Business
15 and Professions Code section 19931.

16 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
17 Code

18 **Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code

19 **Section 12232. Exclusion**

20 (a) In order to promote the purposes of the Gambling Control Act to provide for
21 effective regulation of gambling enterprises, owner-licensees of gambling
22 establishments shall notify the Commission and Division of, and may

1 exclude from the gambling establishment, any person that the owner-
2 licensee reasonably believes is conducting a gambling business within the
3 gambling establishment without having been registered under this chapter.

4 An owner-licensee acting under this section shall notify the Commission and
5 Division in writing of any such unregistered person and any such exclusion,
6 including the identity of the excluded individuals and entity if known, within
7 10 business days following the exclusion. Upon receiving such notice of an
8 unregistered person, the Commission shall notify the person in writing of the
9 registration requirement of this chapter and shall notify all owner-licensees
10 of the name of the unregistered person, if known and may condition any
11 subsequent registration of the person under this chapter or Chapter 2.1 of
12 this title upon a 60 to 90 day suspension of registration or payment of a civil
13 ~~fine~~ penalty under Business and Professions Code section 19930(c), or both.

- 14 (b) An owner-licensee of a gambling establishment may exclude any registered
15 gambling business upon providing notification to the Commission and
16 Division in writing within five days following the exclusion.

17 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
18 Code

19 **Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code