

CALIFORNIA GAMBLING CONTROL COMMISSION
2399 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833

December 11, 2007

**SECOND NOTICE OF MODIFICATIONS TO TEXT
OF PROPOSED REGULATIONS**
(Second 15-Day Change)

Pursuant to the requirements of Government Code section 11346.8(c) and Title 1, California Code of Regulations, section 44, the California Gambling Control Commission (Commission) is providing notice of changes made to proposed regulations concerning the two-year licensing of gambling establishments and key employees.

If you have any comments concerning the changes proposed in this second 15-day notice, please submit them in writing between Tuesday, December 11, 2007 and Wednesday, December 26, 2007. All comments must be received at the Commission no later than 5 p.m., Wednesday, December 26, 2007. If mailed, comments should be directed to the following primary contact person:

Herb Bolz, Senior Legal Counsel
California Gambling Control Commission
2399 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833-4231

Comments may be sent by fax to Herb Bolz at (916) 263-0452 or emailed to hbolz@cgcc.ca.gov. If you comment by email or fax, we suggest that you phone Herb Bolz at (916) 263-1490 to confirm that the comment has been received. Questions concerning the substance of the proposed regulations should be directed to Herb Bolz at (916) 263-1490.

The backup contact person for this proposed regulation package has been changed to:

Jim Allen
California Gambling Control Commission
2399 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833-4231

Telephone: (916) 263-0700
Fax: (916) 263-0452
E-mail: jallen@cgcc.ca.gov

All written comments received by 5 p.m., Wednesday, December 26, 2007, which pertain to the indicated changes will be summarized and responded to by the Commission in the Final Statement of Reasons.

Background:

A public hearing was held on August 23, 2007, to provide a forum for public input and recommendations concerning the proposed regulations as originally noticed on July 6, 2007.

As a result of public comments, a Notice of Modifications to Text of Proposed Regulations (first 15-day change) was sent to interested parties on October 9, 2007. The public comment period for this first 15-day change notice ended at 5:00 p.m. on October 25, 2007.

The enclosed draft of the regulations contains changes to the text and forms as a result of comments received during the first 15-day public comment period and as a result of the passage of Senate Bills 289 and 730.

In the text and forms, changes to existing regulations as previously noticed are shown in single line strikeout/underline style. In this second 15-day change document, changes are indicated by a double line strikeout for deletions and a double underline for additions.

The particulars of this second 15-day change proposal are as follows:

As a result of public comments, the instructions section of Division form “Trust Supplemental Background Investigation Information” (DGC-APP-143) has been amended to include a statement that no person under 21 years of age is required to apply for a gambling license. Pursuant to Business and Professions Code 19859(g), no one under 21 years of age may be licensed.

Accordingly, the revision date for form DGC-APP-143 has also been changed to “(New 11/07)” in section 12342(a)(8).

As a result of public comments, the instructions for form DGC-APP-143 have been amended to include “distributions” within the meaning of the word “income” in the section of the form that relates to the conditions for the licensing of trust beneficiaries (see condition number “(1)” at the top of page two of the form). For clarity purposes, an example has also been added to condition number “(2)” at the top of page two. By adding language that is more commonly used in trusts, these clarifying changes will help the applicant better understand the conditions under which a trust beneficiary must be licensed. Accordingly, the revision date for form DGC-APP-143 has also been changed, as stated above.

As a result of the passage of Senate Bill 289 (Statutes of 2007, Ch. 294), an urgency statute, the renewal sections of Commission forms CGCC-030 and CGCC-031 would be modified to include the question:

“Have you acquired or increased a financial interest in a business that conducts lawful gambling outside the state since last filing a State Gambling License application?”

SB 289 has added Business and Professions Code section 19858.5 to the Act, which allows a person to hold a state gambling license even if the applicant has a financial interest in a lawful out-of-state gambling business, provided that the applicant own no more than a 1 percent interest in that business. The answer to this question is critical in determining if the renewal applicant continues to qualify for a state gambling license or key employee license. Accordingly, the revision date for forms CGCC-030 and CGCC-031 have been changed to “(Rev. 11/07)” in sections 12342(a)(1 & 2), 12343(a)(1), 12344(a)(1) and 12345(a)(2).

As a result of the passage of Senate Bill 82 (Statutes of 2007, Ch. 176) and Senate Bill 730 (Statutes of 2007, Ch. 438), the numbering of Business and Professions Code, subdivision (aa) of section 19805 has changed to (ad). This section establishes a definition for the word “person”. Since this section number is referenced on page one of form DGC-APP-143, a conforming amendment to the form is proposed. Accordingly, the revision date for form DGC-APP-143 has also been changed, as stated above.

Copies of the text of the proposed changes and the changes to the forms incorporated by reference in the regulations will be available on the Commission’s website, at www.cgcc.ca.gov, under “Laws and Regulations”.