N.B.: This is the first draft of the final text of the permanent proposition player regulations. The regulation as originally proposed (dated May 26, 2004) was based on the text of the California Code of Regulations, as that text read in May 2004. Changes in the text as originally proposed were shown in strikeout/underline style. Changes to the May 26 text (the text as originally proposed) were shown in the FIRST 15-day change (dated August 25, 2004) in double strikeout/double underline style. Changes to the August 25 text were shown in the SECOND 15-day change (dated September 29, 2004) as follows: additions *in italics*, deletions in a box.[1] The THIRD 15-day change consisted solely of changes to the two annual fee provisions, sections 12200.20 and 12220.20. In order to make it easier to see what changes were proposed to the two annual fees sections, the THIRD 15-day change repeated the versions of these two sections that had appeared in the SECOND 15-day change, and then provided in a large box, a "clean" version of each section (in which changes proposed earlier had all been "accepted"), showing additions in underline and deletions in strikeout. Staff recommends that the Commission approve the changes proposed in the THIRD 15-day change.

[1] If a word in the text of the regulation had previously been marked with a single underline, then that word, when placed in a box (marked for deletion), will continue to include the original single underline, plus a horizontal line representing the bottom of the box: for example, player would appear as player. Similarly, a word previously marked with a double underline (marked as an addition), would appear as follows when placed in a box: player would appear as player.

The only additional changes that have been made in this final text document are nonsubstantive in nature. These changes are shown in "track changes" style, with a vertical line in the margin marking each change. No such changes have been identified as of the date of this document.

The table below charts the formatting:

Name	Date	Formatting Changes
Original Proposed Permanent Reg.	May 26, 2004	Additions in underline; Deletions in strikeout
FIRST 15-day change version	August 25, 2004	Additions in double underline; Deletions in double strikeout.
SECOND 15-day change version	September 29, 2004	Additions are shown *in italics*, Deletions are shown in a box. (refer to footnote 1)
THIRD 15-day change version	October 13, 2004	Box **after** SECOND 15-day change version of section showing **only** THIRD 15-day change version changes with Additions in underline; Deletions in strikeout

ADD box for THIS document

To permit review prior to the October 29 Commission meeting, written comments concerning this final text document should be received at the Commission by 5 p.m., Wednesday, October 27, 2004. Comments may be (1) mailed or hand-delivered to the California Gambling Control Commission (Att'n: Herb Bolz), Suite 100, 2399 Gateway Oaks Drive, Sacramento, CA 95833-4231; (2) faxed to (916) 263-0452; or (3) emailed to hbolz@cgcc.ca.gov. Comments may also be made during the Commission meeting of Friday, October 29, 2004.

In comments, please specify the page and line number of the regulation on which you are commenting.

A revised draft of this final text will be presented at the October 29 meeting. Staff will continue to review comments as these comments are received. Comments on any aspect of the final text will be received at the October 29 Commission meeting.

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Title 4, California Code of Regulations, Division 18

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

Article 1. Definitions and General Provisions

Article 2. ~~Interim~~ Registration

Article 3. Licensing

Chapter 2.2 Gambling Businesses: Registration; Licensing

Article 1. Definitions and General Provisions

Article 2. Registration

Article 3. Licensing

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

Article 1. Definitions and General Provisions

Section 12200 Definitions

Section 12200.1 Certificate

Section 12200.3~~.~~ Badge

Section 12200.5 Replacement of Badge

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Section 12200.17 Emergency Orders

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Section 12200.20 ~~Non-refundable~~ Annual Fee

Section 12200.21 Compliance

Article 2. ~~Interim~~ Registration

Section 12200.25 Transition to Licensing [to be repealed]

Section 12201 Registration

Section 12202 Application for Registration

Section 12203 Processing of Applications for Initial and Renewal Registration

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Section 12203.2 ~~Application for~~ Temporary Player Registration: Application; Criteria

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5 Section 12203.5 Cancellation of Temporary Registration
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7 Section 12205 Cancellation of Registration
8 *Section 12205.1 Transition to Licensing*
9 Section 12206 Badge [To be repealed]
10 Section 12207 Proposition Player Contract Criteria
11 [To be repealed]
12 Section 12208 Review and Approval of Proposition Player
13 Contracts [To be repealed]
14 Section 12209 Playing Books [To be repealed]
15 Section 12210 Transfers and Sales [To be repealed]
16 Section 12211 Inspections [To be repealed]
17 Section 12212 Compliance [To be repealed]
18 Section 12213 Revocation [To be repealed]
19 Section 12214 Emergency Orders [To be repealed]
20 **Article 3. Licensing**

Section 12218~~.~~ ~~Application for Initial Licensing~~ Request to Convert Registration to License

Section 12218.5 Withdrawal of Request to Convert Registration to License

Section 12218.7 Processing Times--Request to Convert Registration to License

Section 12218.11 Ineligibility for Licensing

Section 12218.13 Term of License

Section 12218.15 Compliance [To be repealed]

Section 12218.17 Background Investigation Deposit [To be repealed]

~~Section 12218.19 Term of License~~

Article 1. Definitions and General Provisions

Section 12200~~.~~ Definitions

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

(b) As used in this chapter:

(1) "Additional Badge" means a badge issued by the Commission pursuant to Section 12200.6 which authorizes an individual registrant or licensee to be simultaneously employed by more than one primary owner.

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

(2) (3) "Authorized player" means an individual associated with a particular primary owner whose badge authorizes play in a controlled game on behalf of the primary owner, including the primary owner, all other owners, all supervisors, and all players. "Authorized player" does not include funding sources ~~or owners who have been issued a non-playing badge~~. Only authorized players may perform the functions of a supervisor or player.

~~(2)~~ (3) (4) "Badge" means a form of identification issued by the Commission identifying a registrant or licensee. A badge authorizing play in a controlled game shall be of a distinctly different color than a badge~~,~~ which identifies a registrant or licensee, but does not authorize play.

~~(3)~~ (4) (5) "Bureau" means the Bureau of Criminal Identification and Information of the California Department of Justice.

~~(4)~~ (5) (6) "Commission" means the California Gambling Control Commission.

~~(5)~~ (6) (7) "Deadly weapon" means any weapon, the possession or concealed carrying of which is prohibited by Penal Code section 12020.

~~(6)~~ (7) (8) "Division" means the Division of Gambling Control in the California Department of Justice. ~~Documents required by this chapter to be sent (or information required to be furnished) to the Division shall be sent to the Sacramento office of the Division.~~ Information that this chapter requires to be sent to the Division shall be submitted in writing to the Sacramento office of the Division.

~~(7)~~ (8) *(9)* **"**Executive Director" means the Executive Director of the Commission ~~or such other person as may be designated by the Commission~~.

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

(A) Any federally-regulated or state-regulated bank or savings association or other federally- or state-regulated lending institution.

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

(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)*(10)*.

~~(9)~~ (10) *(11)*"Gambling Control Act" or "Act" means Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code.

(11)*(12)* ~~(A)~~"License" means a license issued by the Commission pursuant to article 3 of this chapter.

(A) There are four license categories entitling the holder to provide third-party proposition player services:

(i)*1.* primary *Primary* owner, ~~if issued a playing badge,~~

(ii)*2.* owner *Owner* if issued a playing badge,

(iii)*3.* supervisor *Supervisor*, and

(iv)*4.* player *Player.*

(B) All *"*other employees*" (as defined in this section)* of the primary owner who are present in the gambling establishment during the provision of proposition player services under the primary owner's proposition player contract shall be licensed as "other employee" and shall be required to submit an application and be approved or denied based upon the same criteria that apply to a player.

(C) *A primary owner and an owner may also perform the functions of a supervisor or player, and the holder of a supervisor's license may also perform the functions of a player.*

(D) No licensee, other than an owner, supervisor, or player, may possess, direct, or otherwise control currency, chips, or other wagering instruments used for play in the performance

of a proposition player contract.

(12) *(13)* "Licensee" means a person having a valid license.

(13)*(14)* "Organization chart" means a chart that identifies the names and titles of all owners, as defined in section 12200(b)(15), supervisors, and any persons having significant influence over the operation of the entity or provision of proposition player services; the percentage of ownership, if any, held by each identified individual or entity; and the reporting relationship for each identified individual or entity*; and the job title and description and number of persons in each of the job titles that report to each individual or entity identified on the organization chart.*

~~(13)~~(14)*(15)* "Other employee" *means an individual employed by a primary owner who is not authorized to provide proposition player services. "Other employee"* does not include *any owner, any supervisor, or any* officers *officer or director* of a primary owner that is a corporation. *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 licensure as a player.*

~~(10)~~ ~~(14)~~(15)*(16)* "Owner" includes all of the following:

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

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

(C) Any funding source.

~~(11)~~ ~~(15)~~ (16)*(17)* "Playing Book" means a record documenting each session of play by a third-party proposition player.

~~(12)~~ ~~(16)~~(17) *(18)* "Primary Owner" means the owner specified in subparagraph (A) of paragraph ~~(10)~~ ~~(14)~~ (15) *(16)* of this subsection.

~~(13)~~ ~~(17)~~)(18)*(19)* "Proposition player" or "player" means an individual other than an owner or a supervisor who provides third-party proposition player services in a controlled game.

~~(14)~~ ~~(18)~~(19)*(20)* "Proposition player contract" or "contract" means a written contract, the terms of which have been reviewed and approved by the Division, between the holder of a state gambling license and a primary owner for the provision of third-party proposition player services in the gambling establishment.

~~(19)~~(20)*(21)* "Rebate" means a partial return by an authorized proposition player of chips or money to a patron who has lost the chips or money to the authorized player through play in a controlled game at a gambling establishment.

~~(15)~~ ~~(20)~~(21)*(22)* "Registrant" means a person having a valid registration.

~~(16)~~ ~~(21)~~(22)*(23)* "Registration" means a registration issued by the Commission pursuant to this chapter.

(A) There are four registration categories entitling the holder to provide third-party proposition player services: primary owner, owner, supervisor, and player.

(B) All other employees of the primary owner who are present in the gambling establishment during the provision of proposition player services under the primary owner's proposition player contract shall be registered as "other employee." *and shall be required to submit an application, which application shall be approved or denied based upon the same criteria that apply to a player.*

(C) ~~The holder of an owner's registration~~ A primary owner issued a playing badge and an owner issued a playing badge may also perform the functions of a supervisor or player, and the holder of a supervisor's registration may also perform the functions of a player. No registrant, other than an owner issued a playing badge, supervisor, or player, may possess, direct, or otherwise control currency, chips, or other wagering instruments used for play in the performance of a proposition player contract. An individual registered as an "other employee" may not function as a player unless and until that individual applies for and obtains registration as a player.

(24) *"Reinstatement Badge" means a badge issued by the Commission to a player, a supervisor, or an "other employee" pursuant to Section 12200.6 which authorizes an individual registrant or licensee who has ceased to be employed by a primary owner to return to work for that primary owner.*

~~(17)~~ ~~(22)~~(23)*(25)* "Session of play" as used in Section ~~12200.13~~ 12200.16 *12000.13* ("Playing Books") means a continuous workshift of third-party proposition player services provided by an individual proposition player.

~~(18)~~ ~~(23)~~(24)*(26)* "Supervisor" means an individual who, in addition to any supervisorial responsibilities, has authority, on behalf of the primary owner, to ~~direct or~~ provide or direct the distribution of currency, chips, or other wagering instruments to players engaged in the provision of third-party proposition player services in a gambling establishment.

~~(24)~~(25)*(27)* ~~"Supplemental application package" means a license application form as prescribed by the Commission and all of the documentation and deposits required to be submitted to the Division in response to a summons issued pursuant to Section 12200.25.~~

"Supplemental information package" means all of the documentation and deposits required by each of the following forms (which are hereby incorporated by reference) to be submitted to the Commission in response to a summons issued by the Division pursuant to Section 12200.25:

(A) Owners, as defined in Section 12200(b)(15), that are a natural person shall complete the form Level III Supplemental Information-Individual (DGC-APP 034A, New 08/04) for a level III investigation.

(B) Owners, as defined in Section 12200(b)(15), that are not a natural person shall complete the form Level III Supplemental Information-Business (DGC-APP. 034B, New 08/04) for a level III investigation.

(C) Supervisors, as defined in Section 12200(b)(24), shall complete the form Level II Supplemental Information (DGC-APP. 033, New 08/04) for a level II investigation.

(D) Other employees and players, as defined in Section 12200(b)(11)(B) and 12200(b)(18), shall complete the form Level I Supplemental Information (DGC-APP. 032, New 08/04) for a level I investigation.

~~(19)~~ ~~(25)~~(26)*(28)* "Third-party proposition player services" or "proposition player services" means services provided in and to the house under any written, oral, or implied agreement with the house, which services include play as a participant in any controlled game that has a rotating player-dealer position as permitted by Penal Code section 330.11. "Proposition player services" also includes the services of any

supervisors, as specified in paragraph ~~(18)~~ ~~(22)~~ (24)*(26)* of this subsection.

~~(26)~~(27)*(29)* "TPP" means "third party proposition." This abbreviation is used in Section 12200.3 and in prescribing titles *to be* used on registrant and licensee badges, for example, "TPP Player Registrant."

(30) "Transfer Badge" means a badge issued by the Commission pursuant Section 12200.6 which authorizes an individual registrant or licensee to work for a subsequent primary owner after having ceased to work for an initial primary owner.

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

Reference: Sections 19805 and 19984, Business and Professions Code

Section 12200.1. Certificate

(a) The Commission shall issue a registration or license certificate *with an expiration date*, as applicable, to each primary owner.

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

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

Reference: Section 19984, Business and Professions Code

Section 12200.3. Badge~~—Initial, Transfer, or Additional~~

(a) All individuals licensed or registered as primary owners, owners, supervisors, players, or other employees of the primary owner shall wear in a prominently visible location a numbered badge issued by the Commission when present in a gambling establishment during the provision of proposition player services under the proposition player contract that covers the licensee or registrant.

(b) A badge authorizing play in a controlled game shall be of a distinctly different color than a badge which identifies a registrant or licensee, but does not authorize play. If an individual ceases to be employed by or affiliated with a particular primary owner, that individual shall surrender his or her badge to the primary owner. The primary owner shall notify the Commission and the Division in writing within *ten (*10*)* days of the change in status using the ~~prescribed CGCC Form~~ Change in Status Form for a Third Party Proposition Player Services Registration (CGCC-441, New 6/04), which is hereby incorporated by reference*; with this form, the primary owner shall submit the registrant's or licensee's badge*. Any primary owner receiving a badge from an individual formerly employed by or affiliated with the primary owner shall return the badge to the Commission within 10 days of receiving the badge from the holder.

(b) *(c)* The words "TPP PLAYER REGISTRANT," "NON-PLAYER TPP REGISTRANT," "TPP PLAYER LICENSEE," OR NON-PLAYER TPP PLAYER LICENSEE" in capital letters shall be prominently displayed on the front of the badge. The first name of the registrant or licensee shall appear on the front of the badge. The full name of the registrant or licensee

shall be printed on the reverse side of the badge, together with the registrant's or licensee's category of registration or licensing as an owner, supervisor, player, or other employee.

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

(d) *(e)* Upon renewal of each registration and upon issuance of each registration or license, ~~Authorized~~ authorized players shall be issued a badge of one color; individuals not authorized to play shall be issued a badge of a distinctly different color. *Any non-player badge issued prior to July 1, 2004, shall be re-issued upon renewal pursuant to subsection (b), so that each registrant receives either a player or non-player badge.*

(e) *(f)* An individual registered as a player with a particular primary owner shall apply for and obtain a new badge pursuant to section 12200.5 before beginning to work for an additional or a different primary owner.

(f) *(g)* Registrations, licenses, and badges are specific to the primary owner. ~~TPPP~~ Third party proposition player services cannot be provided without first applying for and obtaining a registration, license, or badge.

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

Reference: Section 19984, Business and Professions Code

Section 12200.5 Replacement of Badge

(a) Upon application *submission of a request*, the Executive Director shall issue a replacement badge if all of the following conditions are met:

(1) The applicant *requester* has a current valid registration or license.

(2) The application *request* is complete and has been submitted on the form Request for Replacement Third Party Proposition Player Services Badge (CGCC-438, New 06/04), which is hereby incorporated by reference.

(3) The applicant *requester* has supplied all of the following to the Commission:

(A)

A two by two *2x2* inch color passport-style photograph taken no more than one year before submission to the Commission of the badge replacement or transfer request.

(B) A nonrefundable *twenty-five dollar (*$25.00*)* fee, payable to the Commission.

(C) *(B)* The category of the position and information concerning the primary owner for which the replacement badge is requested: the name of the primary owner, mailing address, voice telephone number, facsimile number (if any), and email address (if any).

(D) *(C)* A statement under penalty of perjury that a replacement badge is needed due *to a name change or* to loss or destruction of the originally issued badge.

(b) A 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 replacement badge, the previously issued badge for that third-party proposition services provider shall become void and shall not be used.

(d) Replacement badges shall be issued by the Commission within seven *(7)* days of receipt of a complete application *request*.

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

Reference: Section 19984, Business and Professions Code

Section 12200.6 Transfer *or Reinstatement* of Player Registration or License; Issuance of Additional Badge

(a) Upon application *submission of a request*, the Executive Director shall issue a player transfer badge, *reinstatement badge,* or an additional player badge if all of the following conditions are met:

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

(2) The application *request* is complete and has been submitted on the form Request for *Reinstatement or* Transfer of Third Party Proposition Player Services Registration/License or Additional Third Party Proposition Player Services *Badge* (CGCC-439, New 06/04), which is hereby incorporated by reference.

(3) The applicant *requester* has supplied all of the following to the Commission:

(A)

A two by two inch color passport-style photograph taken no more than one year before submission to the Commission of the request.

(B) A nonrefundable *one hundred and twenty-five dollar (*$125.00*)* fee payable to the Commission.

(C)*(B)* The names *as applicable* of the current and future primary owner (or *previous owner or* additional owner), mailing address, voice telephone number, facsimile number (if any), and email address (if any).

(b) A transfer 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 transfer badge, the previously issued badge for that third-party proposition services provider shall become void and shall not be used.

(d) Transfer*,* and additional*, and reinstatement* badges shall be issued by the Commission within seven *(7)* days of receipt of a complete application *request*.

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

Reference: Section 19984, Business and Professions Code

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.

(2) The effective dates of the contract*; expiration date shall be the last day of the month*.

(3) The specific name of the Division-approved gaming activities for which proposition player services will *may* be provided.

(4) The maximum and minimum number of gaming tables available to the proposition player provider service.

(5) That no more than one owner, supervisor, or player from each provider of proposition player service shall simultaneously play at a table.

(6) The hours of operation that proposition player services will be provided.

(7) A detailed description of the location, applicable security measures, and purpose of any currency, chips, or other wagering instruments that will be stored, maintained, or kept within the gambling establishment by or on behalf of the primary owner.

(8) That proposition player services shall be provided in the gambling establishment only in compliance with laws and regulations pertaining to controlled gambling.

(9) That proposition player services may be provided only by authorized players with current registration or licensing under this chapter.

(10) That the primary owner shall provide the gambling establishment with a copy of its registration or license certificate, and that the gambling establishment shall maintain the certificate on file, together with a copy of the proposition player contract applying to that establishment.

(11) That a registrant or licensee may not provide proposition player services in a gambling establishment for which the registrant holds a state gambling license, key employee license, or work permit.

(12) That collection fees charged by the house for participation in any controlled game shall be the same as those charged to other participants during the play of the game.

(13) The form to be used for the playing book record and the initial number that will be used for the sequentially numbered forms.

(14) Any agreement between the primary owner and the house for owners or supervisors to inspect or receive a copy of surveillance recordings of tables at which proposition player services are provided under the contract during the times the services are provided, as necessary for business purposes.

(15) A full disclosure of any financial arrangements entered into during the term of the contract for any purpose between the house and any registrant or licensee covered by the proposition player contract. If there is no financial consideration that passes under the contract, a statement to that effect shall be included.

(16) That any legal dispute between the primary owner and the house, including any exclusion of a registered or licensed owner, player, or supervisor covered by the contract ~~from~~ with the house shall be reported *in writing* within *ten (*10*)* days by the primary owner and the house to both the Commission and the Division.

(17) That the primary owner and the house shall report *in writing* within *ten (*10*)* days to both the Commission and the Division the identity of any registrant whose activities are covered by the proposition player contract and who is arrested in the gambling establishment by a peace officer, who is removed from the gambling establishment by a peace officer or the house, or who is involved in a patron dispute regarding his or her activities in the gambling establishment that is the subject of a report to a peace officer and that results in removal of one or more individuals.

(18) That any cheating reported to the house by a registrant or licensee shall be reported *in writing* within *five (*5*)* days of the incident by the primary owner and the house to the Commission and Division.

(19) That the criteria for granting any rebates by proposition players to patrons be spelled out *fully disclosed* in the contract; and that neither the house nor any employee of the house shall have any role in

rebates. If there are no criteria for granting rebates, a statement to that effect shall be included.

(20) That any tipping arrangements shall be specified in the contract; that percentage tips shall not be given; and that tips shall not be given to employees of the house ~~having either decision-making authority over the outcome of the game or supervisory responsibilities~~*; and that percentage tips shall not be given*. If there are no tipping arrangements, *a* statement to that effect shall be included.

(21) That the primary owner may reimburse the house in specified amounts for equipment such as surveillance cameras and monitors, or cards, shuffling machines, and dice. Neither the primary owner nor its employees shall purchase, lease, or control such equipment. If there is no arrangement to reimburse the house for equipment, a statement to that effect shall be included.

(22) That the contract is a complete expression of all agreements and financial arrangements between the parties; that any addition to or modification of the contract, including any supplementary written or oral agreements, must be approved in advance by the Division pursuant to Section 12200.10B (Review and Approval of Amendments to Proposition Player Contracts) before the addition or modification takes effect.

(c) (1) Except as expressly authorized by this subsection (c), a proposition player contract shall not include any provision authorizing payment to or receipt by the house, or a designee thereof, of any share of the profits or revenues of a registrant or a licensee. Any payments made by a registrant or

licensee to the house for a purpose determined by agreement with the house shall be specifically authorized by the proposition player contract. All payments shall be specified in the contract. The contract shall identify ~~each specific service or facility provided under the contract and shall specify~~ the total charge for each of the following ~~category~~ categories~~,~~ : ~~such as~~ services, facilities, and advertising. In addition, the contract shall include a detailed list, excluding specific costs, of the items provided or received in each of these categories.

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

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

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

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

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

(g) A primary owner may contract with more than one gambling establishment at the same time; a gambling establishment may contract with more than one primary owner at the same time. This subsection is not intended to prohibit a contract in which a gambling establishment and a primary owner agree that one primary owner shall be the exclusive provider of proposition player services to that gambling establishment.

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

Reference: Section 19984, Business and Professions Code

Section 12200.9 Review and Approval of Proposition Player Contracts

(a) (1) On and after April 30, 2004, proposition player services shall not be provided except pursuant to a written proposition player contract approved in advance by the Division. Provision of proposition player services by any person subject to registration or licensing under this chapter, or engagement of proposition player services by the holder of a state gambling license, without a contract as required by this section is a violation of this section. The Division shall approve a proposition player contract only if all the following requirements have been satisfied:

(A) The contract is consistent with this regulation and the Act.

(B) The contract does not provide for controlled gambling that will be conducted in a manner that is inimical to the public health, safety, or welfare.

(C) The contract will not create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, or activities in the conduct of controlled gambling or in the carrying on of the business and related financial arrangements.

(D) The contract will not undermine public trust that the controlled gambling operations covered by the contract will be conducted

honestly, by reason of the existence or perception of any collusive arrangement between any party to the contract and the holder of a state gambling license, or otherwise.

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

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

(A) A completed Application for Contract Approval to ~~Provider~~ Provide ~~of~~ Proposition Player Services (DGC-APP.030, rev. ~~09/03~~ 08/04), which is hereby incorporated by reference.

(B) A completed Appointment of Designated Agent for Owners and Proposition Players (DGC-APP.031, rev. ~~09/03~~ 08/04), which is hereby incorporated by reference.

(C) An executed copy of the contract that specifically addresses all of the requirements of Section 12200.7.

(D) A playing book form that specifically addresses all of the requirements of section 12200.13.

(E) A five hundred dollar ($500) nonrefundable application fee.

(F) A $1200 *The* deposit ~~in such amount as, in the judgment of the Director of the Division, will be sufficient to pay the anticipated processing costs~~ as required by Title 11, California Code of Regulations, section 2037(a)(2)(A). The Division may require an additional sum to be deposited to pay the final costs of the review and approval or disapproval of the contract. Any money received as a deposit in excess of the costs incurred in the review and approval or disapproval of the contract will be refunded and an itemized accounting will be provided to the primary owner, or primary owner's designee.

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

(b) An executed copy of the currently effective contract, and all amendment(s) thereto, and a copy of all Division notices that approved the contract and any amendment shall be maintained at the gambling establishment and shall be provided for review or copying upon request by any representative of the Commission or Division.

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

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

Reference: Section 19984, Business and Professions Code

Section 12200.10A Expedited Review and Approval of Proposition Player Contracts

~~(b) (1)~~(a) In lieu of the procedure specified in ~~subsection (a)~~ Section 12200.9, the Division shall provide an expedited review process of an application for contract approval if all of the following conditions exist:

~~(A)~~ (1) Proposition player services were provided in the gambling establishment at any time during the 30 *60* days preceding the application pursuant to a contract that was previously approved by the Division and that has been terminated *in whole or in part*.

~~(B)~~ (2) The proposed contract is between the house and a different primary owner than the previous contract under which proposition player services were provided in the gambling establishment.

~~(C)~~(3) The terms of the proposed contract are substantially identical to the contract previously approved by the Division under which proposition player services were provided in the gambling establishment at any time during the 30 days preceding the application.

~~(2)~~ (b) If an application for contract approval is submitted as an expedited contract request and the Division determines that it does not meet the criteria, the primary owner or designee and the house shall be notified within one business day *three (3) business days* of the Division's decision. Any contract that is not processed through the expedited review and approval process shall be treated as a new contract request and reviewed and approved or disapproved as otherwise provided by ~~subsection (a)~~ Section 12200.9(a).

~~(3)~~(c) The Division shall complete the expedited review and approval of a contract within three business days *five (5) business days* of receiving all of the following:

~~(A)~~(1) A completed Application for Contract Approval to ~~Provider~~ Provide ~~of~~ Proposition Player Services (DGC-

APP.030, rev. ~~05/04~~ 08/04, which is hereby incorporated by reference).

~~(B)~~(2) A completed Appointment of Designated Agent for Owners and Proposition Players (DGC-APP.031, rev. ~~05/04~~08/04), which is hereby incorporated by reference.

~~(C)~~(3) An executed copy of the contract that specifically addresses all the requirements of Section 12200.7.

~~(D)~~(4) A playing book form that specifically addresses all the requirements of Section ~~12200.9~~ 12200.13.

~~(E)~~(5) A five hundred dollar ($500) nonrefundable application fee.

~~(F)~~(6) An expedited processing fee of *five hundred and fifty dollars* $550. *one hundred and fifty dollars ($150) and a sum of money that, in the judgment of the Director of the Division, will be adequate to pay the anticipated processing costs in accordance with Business and Professions Code section 19867.*

~~(c) (1) As soon as is practicable after determining that any application for approval of a proposition player contract or amendment is complete and that the contract or amendment appears to qualify for approval, but in no event less than 75 days from receipt of the application, the Division shall submit the contract or amendment to the Commission for review and comment. The Commission shall provide the Division with comments, if any, within 15 days of receipt of the contract or amendment.~~

~~(2) A copy of the Division's notice of approval or disapproval of a proposition player contract or amendment thereto shall be sent to the Commission.~~

~~(d)(c) An executed copy of the currently effective contract, and all amendment(s) thereto, and a copy of all Division notices that approved the contract and any amendment shall be maintained at the gambling establishment and shall be provided for review or copying upon request by any representative of the Commission or Division.~~

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

Authority: Sections 19840, 19841, *19551* *19951*, and 19984, Business and Professions Code

Reference: Section 19984, Business and Professions Code

Section 12200.10B Review and Approval of Amendments to Proposition Player Contracts

~~(f)~~ *(a)* Requests to review and approve an amendment to a proposition player contract shall be submitted with an application for approval along with an executed copy of the contract, a five hundred dollar ($500) nonrefundable application fee, and a four hundred and fifty dollar ($450) deposit ~~in such amount as, in the judgment of the Director of the Division, will be sufficient to pay the anticipated processing costs~~ as required by Title 11, California Code of Regulations section 2037(a)(2)(B). The Division may require an additional sum to be deposited to pay the final costs of the review and approval or disapproval of the amendment. Any money received as a deposit in excess of the costs incurred in the review and approval or disapproval of the amendment shall be refunded and an itemized accounting shall be provided to the primary owner or the primary owner's designee.

(b) No amendment changing any of the contract terms referred to in Section 12200.7, other than paragraphs (3), (4), and (6) of subsection (b) thereof, may become effective during the term of a proposition player contract without the prior written approval of the Division. If any amendment is made to a proposition player contract term specified in paragraphs (3), (4), or (6) of subsection (b) of Section 12200.7, both parties to the contract shall notify the Commission and Division in writing of the amendment within ten(10) days of the execution thereof by the parties to the contract.

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

Reference: Section 19984, Business and Professions Code

Section 12200.10C Submission of Contract or Amendment to Commission

(a) As soon as is practicable after determining that any application for approval of a proposition player contract or amendment is complete and that the contract or amendment appears to qualify for approval, but in no event less *more* than 75 days from receipt of the application package, the Division shall submit the contract or amendment to the Commission *Executive Director* for review and comment. The Commission *Executive Director* shall provide the Division with comments, if any, within 15 days of receipt of the contract or amendment This paragraph does not apply to expedited approval under Section 12200.10A.

(b) A copy of the Division's notice of approval or disapproval of a proposition player contract or amendment thereto shall be sent to the Commission.

Section 12200.10D Superseding of Contract Provisions

~~(g)~~ 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.

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

Reference: Section 19984, Business and Professions Code

Section 12200.11 Extension of Proposition Player Contract ~~Extensions~~

(a) An application for approval of a ~~proposal~~ contract to ~~extend or renew a~~ continue proposition player services ~~contract~~ shall include all of the following:

(1) A completed Application for Contract Approval to Provide~~r of~~ Proposition Player Services (DGC-APP.030, rev. ~~05/04~~ 08/04), which is hereby incorporated by reference.

(2) A *five hundred dollar (*$500*)* application fee.

(3) An executed copy of the contract.

(4) *A completed playing book form for three non-consecutive sessions of play that occurred during the ten (10) days preceding the submission of the application for contract extension.*

(5) A deposit in such amount as, in the judgment of the Director of the Division, will be sufficient to pay the anticipated processing costs. The Division may require an additional sum to be deposited to pay the final costs of the review and approval or disapproval of the contract. Any money received as a deposit in excess of the costs incurred in the review and approval or disapproval of the contract will be refunded and an itemized accounting will be provided to the primary owner, or primary owner's designee.

(b) The application shall be submitted to the Division no later than 90 days prior to the date that the current contract is scheduled to expire.

(c) As soon as is practicable after determining that any application for approval of a proposition player contract extension is complete and that the contract extension appears to qualify for approval, but in no event less *more* than 75 days from receipt of the application, the Division shall submit the contract extension to the Commission for review and comment. The Commission shall provide the Division with comments, if any, within 15 days of receipt of the contract extension.

~~(d) A deposit in such amount as, in the judgment of the Director of the Division, will be sufficient to pay the anticipated processing costs. The Division may require an additional sum to be deposited to pay the final costs of the review and approval or disapproval of the contract. Any money received as a deposit in excess of the costs incurred in the review and approval or disapproval of the contract will be refunded and an itemized accounting will be provided to the primary owner, or primary owner's designee.~~

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

Reference: Sections *19951 and* 19984, Business and Professions Code

Section 12200.13 Playing Books

(a) The primary owner shall be responsible for assuring that its players maintain accurate, complete, and up-to-date playing books for all sessions of play worked in conformity with regulations of the Commission. The information in the playing-book record shall be transferred to the primary owner, or a supervisor designated by the primary owner at the end of each session of play. The primary owner shall maintain this information in English at a

single location in the State of California, and shall maintain the original playing book records in the State of California, for at least five *(5)* years. The location or locations where the records of this information and the original playing book records are maintained, and any change therein, shall be disclosed to the Commission and Division by written notice, mailed or delivered within five *(5)* business days after establishing or changing such a location.

(b) Playing books *The playing book* shall be prepared and maintained as follows:

(1) Playing book forms *The playing book form* shall be reviewed and approved or disapproved during the review of the contract by the Division.

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

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

(B) ~~Specify the name~~ The name of the gambling establishment where play occurred.

(C) The date and approximate time when play occurred.

(D) Beginning and ending balances.

(E) Individual identification of ~~All~~ all fills and credits affecting the balance~~ shall be individually identified~~.

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

(G) The table number assigned by the gambling establishment.

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

(I) The name of the primary owner.

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

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

Reference: Section 19984, Business and Professions Code

Section 12200.14. Organization Chart and Employee Report

(a) No later than September 1, 2004, each registered *or licensed* primary owner shall submit a current organization chart and a listing of all employees by name and title to the Division and the Commission. The listing of employees shall be submitted on the form Third Party Proposition Player Services Employee Report (CGCC-440, New 06/04), which is hereby incorporated by reference.

(b) Upon renewal of the registration or license, and every six months thereafter, each registered or licensed primary owner shall submit an updated

organization chart and a listing of all employees by name and title to the Division and the Commission.

(c) The primary owner shall notify the Division and the Commission in writing within ten days of any change to the organization chart. *(c) The primary owner shall notify the Division and the Commission in writing within ten (10) days of any change to its ownership structure.*

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

Reference: Section 19984, Business and Professions Code

Section 12200.15 Transfers and Sales

(a) No individual who is an owner shall in any manner transfer any interest in the proposition player services operation to any person~~, firm, or corporation~~ or business entity ~~not then an owner of an interest therein, and such a transfer shall not become effective for any purpose,~~ until the proposed transferee or transferees have made application for and obtained registration or licensing as an owner from the Commission. Applications for a transfer of the interest shall be made by the transferee applying for registration or licensing under this regulation. *If any registered or licensed owner wishes to sell in whole or in part any ownership interest to any unregistered or unlicensed person, the owner must first notify the Commission in writing to request approval of the transaction. The transferee must apply for and be approved as a TPP registrant or licensee.* Evidence of the transferor's agreement to transfer the interest *and, if applicable, the proposed articles of incorporation,* shall accompany the application for registration or licensing.

(b) The proposed articles of incorporation, if applicable, and the sales and transfer agreement shall be submitted to the Commission for approval prior to submission of application.

(c) The effective date of the sale shall be at least 90 days after receipt of the application, or such other shorter time period as shall be set by the Executive Director with the agreement of the applicant.

(d)(c) Any transfer or sale of an interest to a registered or licensed person shall be submitted in writing to the Commission within ten (10) days of the final transaction.

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

Reference: Section 19984, Business and Professions Code

Section 12200.16. Inspections and Investigations

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

(b) If requested in writing by the Executive Director, the Division shall conduct an inspection or investigation of a registrant or a licensee. Within 30 days of receipt of the request, the Division shall advise the Executive Director in

writing of the status of the inspection or investigation and shall also provide an estimated date on which the inspection or investigation may reasonably be expected to be concluded. Upon completion of the inspection or investigation, the Division shall provide a final written report to the Executive Director.

(c) Nothing in this chapter precludes Commission staff from carrying out their duties under applicable statutes and regulations.

(d) All records required by this chapter shall be maintained in English, in California *for at least five (5) years*.

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

Reference: Section 19984, Business and Professions Code

Section 12200.17 Emergency Orders

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

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

Reference: Sections 19984 and 19931, Business and Professions Code

Section 12200.18 Revocation

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

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

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

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

(d) The ~~licensee or~~ registrant or licensee failed or refused to comply with the requirements of Section 12200.16 (Inspections and Investigations).

(e) The registrant or licensee failed or refused to comply with the requirements of Section 12200.14 (Organization Chart and Employee Report).

(f) The ~~licensee or~~ registrant or licensee concealed or refused to disclose any material fact in any inquiry by the Division or the Commission.

~~(f)~~ (g) The ~~licensee or~~ registrant or licensee committed, attempted, or conspired to commit any embezzlement or larceny against a gambling licensee or proposition player registrant or upon *on* the premises of a gambling establishment.

~~(g)~~ (h) The ~~licensee or~~ registrant or licensee has been lawfully excluded from being present upon the premises of any licensed gambling establishment for

any reason relating to cheating or any violation of the Gambling Control Act by the registrant.

~~(h)~~(i) The registrant or licensee buys or sells chips outside the cage *other than to or from the house*, except for exchanging with a patron chips of one denomination for chips of another denomination.

~~(i)~~(j) The registrant or licensee lends money or chips to gambling establishment patrons, except for exchanging with a patron chips of one denomination for chips of another denomination.

~~(j)~~(k) The registrant or licensee made wagers that were not specifically authorized by the game rules approved by the Division.~~"~~

~~(k)~~ (l) The primary owner or any other *Any* owner knowingly permitted one or more of the owner's supervisors or players to commit any act described in subsections (a) to ~~(j)~~(k), inclusive.

~~(l)~~ (m) The primary owner or any other *Any* owner knew, or failed to implement reasonable oversight procedures that would have apprised the owner, that one or more of the registrants or licensees was in violation of one or more provisions of this chapter or of the Gambling Control Act and failed or refused to take action to prevent the recurrence of the violation or violations.

(n) The registrant or licensee provided proposition player services to a gambling establishment without a Division-approved contract *on and after April 30, 2004*.

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

Reference: Section 19984, Business and Professions Code

~~Section 12200.19 Special Authorizations and Limitations~~

~~(a) The holder of a supervisor's registration or license may also perform the functions of a player.~~

~~(b) 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.~~

Section 12200.20 ~~Non-refundable~~ Annual Fee

(a) *(1)* No later than September 1 of each year, beginning September 1, 2004, each registered or licensed primary owner shall submit to the Commission the ~~non-refundable~~ annual fee set forth in subsection ~~(b)~~ (c) of this section, based on the total number of registrations or licenses affiliated with ~~that~~ the primary owner on the ~~effective date of this regulation~~ immediately preceding August 15 *August 1*. The payment due September 1, 2004 *of each year* shall be based on the total number of registrations affiliated with the primary owner on August 15 *1* 2004 *of each year*.

(2) For each licensed primary owner, the annual fee shall be assessed based upon the total number of licenses affiliated with the primary owner 120 days prior to the renewal due date.

(b) Within 30 days of approval of any request to convert a registration to a ~~initial~~ license ~~application~~, the Commission shall notify the licensee of any additional fees owed for the term of the license granted, allowing pro rata

credit on a monthly basis for any annual fee paid in connection with a registration that has not expired.

(c) The annual fee shall be computed based on the following chart *schedule* reflecting the total number of registrants or licensees affiliated with a particular primary owner on the date of assessment:

Category	Number of Registrants or Licensees	Fee Per Registrant or Licensee
A	1—5	$2800
B	6--35	$3050
C	36--175	$3300
D	176—400	$3550
E	401--900	$3800
F	901--1200	$4050
G	1200*1201* or more	$4300

(d) (1) Upon advance written approval by the Executive Director, installment payments submitted prior to licensure shall be permitted *The annual fee may be paid in installments. The primary owner must submit a written request to the Executive Director to make installment payments 30 days prior to the annual fee due date. Upon approval by the Executive Director, installment payments submitted prior to licensure shall be made* as follows: one-third of

the annual fee to be submitted no later than September 1~~, 2004~~, one-third no later than December 1~~, 2004~~, and the balance no later than March 1~~, 2005~~.

(2) Upon advance written approval by the Executive Director, installment payments submitted after conversion to licensure shall be permitted The *annual fee may be paid in installments. The primary owner must submit a written request to the Executive Director to make installment payments 30 days prior to the annual fee due date. Upon approval by the Executive Director, installment payments submitted after conversion to licensure shall be made* as follows: one-third of the annual fee to be submitted prior to issuance of the license, one-third to be submitted three months thereafter, and one-third to be submitted six *(6)* months thereafter.

(e) Refunds shall not be available in the event of a subsequent decrease in the number of registrants or licensees upon which the annual fee payment was based.

(f) *(1)* Following assessment of the annual fee, if the primary owner increases the number of its registrants or licensees above the number upon which the annual fee assessment was based, the primary owner shall submit to the Commission not only *both* the required application fee for the additional registrants or licensees, ~~but also~~ *and* the additional per player *annual* fee set forth in subsection ~~(b)~~ (c) of this section. No new badges shall *be* issued until the additional per player fee has *all fees have* been received by the Commission.

(2) Fees due under this subsection shall be prorated on a monthly basis.

(3) Fees due under this subsection may be paid in installments, on the conditions that the installment payment request is submitted in writing, that one-third of the fees are paid with the application for additional registrants

or licensees, and that two subsequent equal payments are paid at reasonable intervals prior to expiration of the applicable term, subject to the approval of the Executive Director.

(4) A primary owner may hire and fire registered or licensed employees during the term of the primary owner's registration/license without payment of additional per-registrant/per-licensee annual fees if all of the following apply:

(A) The primary owner reports pursuant to Section 12200.3 whenever an individual ceases to be employed by or affiliated with the primary owner.

(B) The required $500 application fee has been paid for each new registrant/licensee added following the date the annual fee was assessed.

(C) The net number of affiliated registrants/licensees does not during any month exceed the registrant/licensee number on which the annual fee assessment was based.

(g) No renewal application shall be accepted *approved* by the Commission until any delinquent annual fees have been paid in full.

(h) No application for a contract extension shall be approved by the Division until any delinquent annual fees have been paid in full.

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

Reference: Section 19984, Business and Professions Code

THIRD 15-Day Change

Section 12200.20 Annual Fee

(a) (1) No later than September 1 of each year, beginning September 1, 2004, each registered primary owner shall submit to the Commission the annual fee set forth in subsection (c) of this section, based on the total number of registrations or licenses affiliated with the primary owner on the immediately preceding August 1. The payment due September 1 of each year shall be based on the total number of registrations affiliated with the primary owner on August 1 of ~~each~~ that same year.

(2) For each licensed primary owner, the annual fee shall be assessed based upon the total number of licenses affiliated with the primary owner 120 days prior to the renewal due date.

(b) Within 30 days of approval of any request to convert a registration to a license, the Commission shall notify the licensee of any additional fees owed for the term of the license granted, allowing pro rata credit on a monthly basis for any annual fee paid in connection with a registration that has not expired.

(c) The annual fee shall be computed as follows: ~~based on the following schedule reflecting the total number of registrants or licensees affiliated with a particular primary owner on the date of assessment:~~

~~Category~~	~~Number of Registrants or Licensees~~	~~Fee Per Registrant or Licensee~~
~~A~~	~~1 – 5~~	~~$2800~~
~~B~~	~~6--35~~	~~$3050~~
~~C~~	~~36--175~~	~~$3300~~
~~D~~	~~176—400~~	~~$3550~~
~~E~~	~~401--900~~	~~$3800~~
~~F~~	~~901--1200~~	~~$4050~~
~~G~~	~~1201 or more~~	~~$4300~~

THIRD 15-Day Change

(1) Beginning with the assessment year starting September 1, 2004, each primary owner shall pay the sum of two thousand fifty dollars ($2050) per registrant or licensee. This fee shall be retroactive to September 1, 2004. Any overpayment of fees previously paid that cannot be applied against an installment payment which is due shall be credited against the following year's annual fee obligation, unless the primary owner no later than February 1, 2005 submits a written refund request to the Executive Director.

(2) Beginning with the assessment year starting September 1, 2005, or other license term granted should subsection (b) be applicable, each primary owner shall pay the sum of two thousand three hundred dollars ($2300) per registrant or licensee less any applicable credit that may apply from subsection (c)(1) of this section.

(3) Beginning with the assessment year starting September 1, 2006, or other license term granted should subsection (b) be applicable, and thereafter each primary owner shall pay the sum of two thousand eight hundred dollars ($2800) per registrant or licensee.

(d) (1) The annual fee for each registered primary owner may be paid in installments. The primary owner must submit a written request to the Executive Director to make installment payments ~~30 days~~ prior to ~~the annual fee due date~~ August 1 of that same year. Upon approval by the Executive Director, installment payments submitted prior to licensure shall be made as follows: one-third of the annual fee to be submitted no later than September 1, one-third no later than December 1, and the balance no later than March 1.

(2) The annual fee for each licensed primary owner may be paid in installments. The primary owner must submit a written request to the Executive Director to make installment payments ~~30~~120 days prior to the ~~annual fee due date~~ expiration of the license. Upon approval by the Executive Director, installment payments submitted after conversion to licensure shall be made as follows: one-third of the annual fee to be submitted prior to issuance of the license, one-third to be submitted three months thereafter, and one-third to be submitted six (6) months thereafter.

(e) Refunds shall not be available in the event of a subsequent decrease in the number of registrants or licensees upon which the annual fee payment was based.

(f) (1) Following assessment of the annual fee, if the primary owner increases the number of its registrants or licensees above the number upon which the annual fee assessment was based, the primary owner shall submit to the Commission both the required application fee for the additional registrants or licensees, and the additional per player annual fee set forth in subsection (c) of this section. No new badges shall be issued until all fees required by this subsection have been received by the Commission.

(2) Fees due under this subsection shall be prorated on a monthly basis.

(3) Fees due under this subsection may be paid in installments, on the conditions that the installment payment request is submitted in writing, that one-third of the fees are paid with the application for additional registrants or licensees, and that two subsequent equal

payments are paid at reasonable intervals prior to expiration of the applicable term, subject to the approval of the Executive Director.

(4) A primary owner may hire and fire registered or licensed employees during the term of the primary owner's registration/license without payment of additional per-registrant/per-licensee annual fees if all of the following apply:

(A) The primary owner reports pursuant to Section 12200.3 whenever an individual ceases to be employed by or affiliated with the primary owner.

(B) The required $500 application fee has been paid for each new registrant/licensee added following the date the annual fee was assessed.

(C) The net number of affiliated registrants/licensees does not during any calendar month exceed the registrant/licensee number on which the annual fee assessment was based.

(g) No renewal application shall be approved by the Commission until any delinquent annual fees have been paid in full.

(h) No application for a contract extension shall be approved by the Division until any delinquent annual fees have been paid in full.

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

Reference: Section 19984, Business and Professions Code

Section 12200.21 Compliance

(a) Registrants and licensees shall comply with game rules approved by the Division, including but not limited to, the rules regarding player-dealer rotation and table wagering. A proposition player contract may, concerning any table assigned for play by the contracted registrant or licensee, contain a provision precluding players of any other registrant or licensee under this chapter or chapter 2.2 of this title from playing at that table during the periods of play assigned by the proposition player contract for the contracted registrant or licensee. The house is not precluded from assigning a seat at the table to a registrant or licensee.

(b) Only an authorized player may possess, direct, or otherwise control currency, chips, or other wagering instruments used for play in the performance of a proposition player contract.

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

Reference: Section 19984, Business and Professions Code

Article 2. ~~Interim~~ Registration

Section 12200.25 Transition to Licensing[2]

[2] Staff proposes to move this section to the end of the registration article, renumbering it as section 12216.

(a) ~~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 may continue to provide those proposition player services under a valid registration, including a renewed registration, until the Commission grants or denies licensing.~~

~~(b)~~ The Division shall summon persons registered as primary owners, owners, supervisors, players, and other employees for the purpose of applying for licenses under this chapter. The Division shall summon ~~registrants in a way that will provide for the orderly licensing of~~ primary owners, owners, supervisors, players, and other employees as expeditiously as possible in light of available program resources. The registration of any registrant that fails or refuses to submit a ~~supplemental license application package~~ Request for Conversion of a Third Party Proposition Player Services Registration to a License (CGCC-437, new 06/04)(see section 12218(c)) including any fees to the Commission within 30 days of receiving a summons from the Division shall expire by operation of law on the following day. Prior to and during review of a request to convert a registration to a license ~~application~~, a registration shall remain valid and may be renewed by the registrant as necessary, upon application and approval of renewal of registration as provided in Section ~~12203.5~~ 12203.

~~(c)~~ (b) If the registration expires by operation of law, the former registrant shall submit a new ~~application~~ request to convert a registration to a license and a new nonrefundable application fee.

~~(d)~~ (c) The transition from registration to licensing for applications approved prior to April 30, 2004, shall be completed no later than ~~January 30~~ July 1, 2007.

~~(e)~~ (d) ~~The license application process, since it is the second phase of the interim registration-licensing program, shall not require payment of an additional application fee.~~ A request to convert a registration to a license shall require only payment of a sum of money that, in the judgment of the Director of the Division, will be adequate to pay the anticipated investigation and processing costs, in accordance with Business and Professions Code sections 19867 and 19984(c).

~~(f)~~(e) If ~~an application for licensing as a primary owner, owner, supervisor, or player is granted~~ a license is issued, ~~a license may be issued to the applicant,~~ it will ~~to~~ expire as provided in Section ~~12218.19~~ 12218.13 (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, *in addition to the requirements of Section 12200.9(a)(1),* 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~~ Registration shall be issued for a period of one *(1)* year to owners and supervisors, and for a period of two *(2)* years to players and other employees.

(c) ~~For owners, supervisors, and players, requirements for registration under this regulation Article will be superseded by licensing requirements upon the effective date of implementing regulations of the Commission to be adopted in the future following the schedule and procedures prescribed Section 12200.25 and in Article 3 of this Chapter.~~ Registration under this ~~chapter~~ Article or its predecessor shall not create any vested right to licensing under ~~those implementing regulations~~ Article 3 of this Chapter or any successor provision.

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

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

[3] In the original text, three alternatives were presented for subsection (d). Alternative (1) was recommended by staff in the draft of the 15-day change posted on Aug. 13, 2004. On August 24, the Commission approved the staff draft, except as changed during the meeting of August 24. No changes were made during that meeting to the draft of subsection (d) that was proposed by staff. Thus, the 15-day change document posted on August 25 proposed to continue the ownership provisions that are currently in effect on an emergency basis. Interested parties who advocate a different approach to the ownership issue are encouraged to submit comments in response this SECOND 15-day change. Any such comments will be summarized and responded to even though changes are not proposed to subsection (d) in this SECOND 15-day change.

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

(g) Registration is non-transferable.

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

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

Section 12202. Application for Registration

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

(b) An application for registration shall include all of the following:

(1) Payment of a nonrefundable application fee in the amount of five hundred dollars ($500).

(2) A completed Application for Third Party Proposition Player Services Registration (CGCC-~~035~~ 435, rev. ~~02/04~~ 06/04), which is hereby incorporated by reference.

(3) A properly completed Request for Live Scan Service (California Department of Justice Form BCII 8016, rev. 4/01) for an applicant that is an individual, confirming that the applicant's fingerprints have been submitted to the Bureau for an automated background check and response.

(4) Two (2) two-by-two *2x2* inch color passport-style photographs of an applicant that is an individual taken no more than one *(1)* year before submission of the application to the Commission.

(c) An applicant that is an individual shall complete and submit ~~such supplemental information as may be required by~~ the ~~Commission~~ form Third Party Proposition Player Services Registration Supplemental Information ~~(CGCC-036, rev. 02/04)~~ (CGCC-436. Rev. 06/04), which is hereby incorporated by reference~~, or by the Division as necessary for completion of its review as provided in this chapter~~.

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

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

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

Section 12203. Processing of Applications for Initial and Renewal Registration

(a) The Executive Director shall notify the applicant in writing within ~~20~~ 10 *20* days of receiving the application, that the application or resubmitted application is complete and accepted for filing, or that the application or resubmitted application is deficient. If an application for registration is incomplete, the Executive Director shall request in writing any information needed in order to complete the application. The applicant shall be permitted ~~at least~~ 60 *30* ~~but no more than 90~~ days in which to furnish the information. If the applicant fails to respond to the request, the application shall be deemed abandoned and no further action will be taken on it.

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

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

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

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

(f) Renewal applications for owners shall be received no later than 120 days prior to the expiration of the current registration, together with all required fees. If an application is received after this 120-day deadline, an ~~"~~expedited processing fee~~"~~ of $60 shall be submitted with the application. If an expedited processing fee is due but has not been received, ~~the application shall be deemed incomplete~~ a registration renewal shall not be issued.

(g) Renewal applications for supervisors, players, and other employees shall be received no later than 90 days prior to the expiration of the current registration, together with the required $500 application fee. If an application is received after this 90-day deadline, an expedited processing fee of $60 shall be submitted with the application. If an expedited processing fee is due but has not been received, a registration renewal shall not be issued.

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

Reference: Section 19984, Business and Professions Code.

Section 12203A. Processing of Applications for Renewal of Registration

(a) Renewal applications for owners shall be received no later than 120 days prior to the expiration of the current registration, together with the five hundred dollar ($500) application fee. If an application is received after this 120-day deadline, an expedited processing fee of sixty dollars ($60) shall be submitted with the application. If an expedited processing fee is due but has not been received, a registration renewal shall not be issued.

(b) Renewal applications for supervisors, players, and other employees shall be received no later than 90 days prior to the expiration of the current registration, together with the required five hundred dollars ($500) application fee. If an application is received after this 90-day deadline, an expedited processing fee of sixty dollars ($60) shall be submitted with the application. If an expedited processing fee is due but has not been received, a registration renewal shall not be issued.

(c) The Executive Director shall notify the applicant in writing within 20 days of receiving the renewal application, that the application or resubmitted application is complete and accepted for filing, or that the application or resubmitted application is deficient. If an application for registration is incomplete, the Executive Director shall request in writing any information needed in order to complete the application. The applicant shall be permitted 30 days in which to furnish the information. If the applicant fails to respond to the request, the application shall be deemed abandoned and no further action will be taken on it.

(d) Upon determination that an application for renewal of registration is complete, the application shall be processed within 60 days and the Executive Director shall either issue the registration and badge applied for or shall notify the applicant of denial and the grounds therefor under Section 12204.

(e) The Commission shall provide written notice of abandonment of an application to the applicant. If the application is for registration as a supervisor, player, or other employee, the Commission shall also provide written notice of abandonment of the application to the primary owner.

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

(g) Nothing in this chapter shall require the Commission or Division to divulge to the applicant any confidential information received from any law enforcement agency or any information received from any person with assurances that the information would be maintained as confidential. Nothing in this chapter shall require the Commission or Division to divulge any information that might reveal the identity of any source of information or jeopardize the safety of any person.

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

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

Section 12203.1. Temporary Player Registration.

(a) While an application for regular player registration is being processed, and subject to section 12203.2, the Executive Director may issue a temporary registration pursuant to this section, which shall be valid for no more than 60 days. The duration of the temporary work permit shall not substantially exceed the estimated time to process and consider the registration application, but may be extended if necessary; provided that in no event shall a temporary registration be valid for more than 120 days. In determining the duration of the temporary work permit, the Executive Director shall consider relevant factors, including, without limitation, the period of time required to complete an ongoing criminal investigation and any case-specific concerns that may be present.

(b) Upon issuance of a regular registration, the *temporary* registration previously issued to the registrant shall become void and shall not be used thereafter.

(c) In the event that the regular registration is issued prior to Commission action on the application for the temporary registration, the application for the temporary work permit *registration* shall be deemed withdrawn and no further action will be taken on it.

(d) The Executive Director may request in writing from the applicant any additional information needed to establish whether or not the applicant is qualified to receive a temporary registration. The Executive Director shall allow the applicant no less than 20 days in which to furnish the information. If the applicant fails to respond to the request, the temporary registration

application shall be deemed abandoned and no further action will be taken on it.

(e) If an application for a regular registration is withdrawn, the application for a temporary registration shall be deemed abandoned and no further action will be taken on it by the Commission.

(f) If Family Code section 17520 (child and family support) is applicable to an application, then a temporary registration shall be issued for 150 days as provided in the Family Code.

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

Reference: Section 19984, Business and Professions Code

Section 12203.2 ~~Application for~~ Temporary Player Registration: Application; Criteria

The Executive Director shall, within 15 days of receiving a complete application, issue a temporary player registration valid for ~~120~~ 60 days if all of the following requirements are met:

(a) The applicant has applied for a temporary player registration by completing the Commission's registration application form, requesting issuance of a temporary registration by checking the appropriate box on the application form, and submitting with the application a nonrefundable *twenty-five dollar (*$25.00*)* temporary registration fee, in addition to the regular registration fee of *five hundred dollars* $500.

(b) The applicant has supplied all of the following to the Commission *all the documentation and fees required for a regular registration*

(1) The applicant's name, mailing address, residence street address (if different than mailing address), telephone number, e-mail address (optional), *Social Security number,* and date of birth.

(2) A two by two inch color passport-style photograph taken no more than ~~30 days~~ one year before submission to the Commission of the registration application, which shall be in addition to the photograph submitted for the regular registration.

(3) Information concerning the primary owner with which the position is available: the name of the primary owner, mailing address, voice telephone number, facsimile number (if any), e-mail address (if any), and the job title of the position~~, and the name of the owner or authorized agent~~ , *and relationship to the primary owner*.

(4) A Request for Live Scan Service (California Department of Justice Form BCII 8016, rev. 4/01~~,~~), confirming that the applicant has submitted his or her fingerprints to the Bureau for an automated background check and response.

(c) Neither the application in its entirety nor the results of the ~~investigation of the applicant reported by the Division to the Commission~~ review of the applicant's criminal history up until the date of issuance of the temporary registration discloses any of the following:

(1) The applicant has been convicted of any felony.

(2) The applicant has, within the *ten (*10*)*-year period immediately preceding the submission of the application, been convicted of any of the following offenses, not including convictions which have been expunged or dismissed as provided by law:

(A) A misdemeanor involving a firearm or other deadly weapon.

(B) A misdemeanor involving gaming or gaming related activities prohibited by Chapter 9 (commencing with section 319) and Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal Code.

(C) A misdemeanor involving a violation of an ordinance of any city, county, or city and county, which pertains to gambling or gambling-related activities.

(D) A misdemeanor involving violations of the Gambling Control Act.

(E) A misdemeanor involving dishonesty or moral turpitude.

(3) The applicant has had an application for a gambling license, work permit, ~~or~~ proposition player registration, proposition player license, gambling business registration, or gambling business license denied.

(4) The applicant has had a gambling license, work permit, proposition player registration, proposition player license, gambling business registration, or gambling business license revoked~~, or proposition player registration denied~~.

(5) The applicant is disqualified under the Gambling Control Act or other provisions of law from holding a temporary registration.

(d) ~~The Division has reported one of the following to the Commission concerning the Request for Live Scan Service submitted to the Bureau~~ The review of the applicant's criminal history has resulted in one of the following**:**

(1) A response has been received from the Bureau or Federal authorities that is consistent with a finding that the applicant has not sustained any disqualifying criminal convictions, or,

(2) No response from the Bureau or Federal authorities has been received within the time period set forth in ~~subdivision~~ subsection (b) of section ~~12126~~ 12203.2 *12203.3*.

(e) The application and other information obtained during the review does not disclose any factor indicating that approval of the temporary registration may in the judgment of the Executive Director present a danger to the public or to the reputation of controlled gambling or proposition playing in this state.

(f) The applicant is not ineligible under Business and Professions Code section 19859, subdivisions (b), (e), (f), or (g), the terms of which are incorporated by reference and hereby expressly made applicable to applications for temporary ~~work permits~~ player registrations.

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

Reference: Section 19984, Business and Professions Code.

Section 12203.3 Processing Times for Temporary Player Registration

(a) Applications for issuance of a temporary player registration by the Executive Secretary *Director* shall be processed within the following time frames:

(1) The maximum time within which the Commission shall notify the applicant in writing that an application or a resubmitted application is complete and accepted for filing, or that an application or a resubmitted application is deficient and identifying what specific additional information is required, is five *(5)* working days.

(2) A temporary registration shall be either granted or denied within no more than 15 working days after the filing of a completed application, *unless a regular registration has already been approved*.

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

Reference: Section 19984, Business and Professions Code.

Section 12203.4. Effect of Denial or Cancellation of Temporary Registration

Denial of an application for a temporary registration or cancellation of a temporary registration shall not suspend the processing and review of the related application for a regular registration.

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

Reference: Section 19984, Business and Professions Code

Section 12203.5 Cancellation of Temporary Registration

(a) Any temporary registration issued in accordance with this article shall be subject to summary cancellation pursuant to subsections (b) and (c) of this section.

(b) A temporary work permit *registration* shall be cancelled by the Executive Director at any time if any of the following applies:

(1) The Commission determines that it has received reliable information that the holder of the temporary registration is ineligible under subsection (c) of section 12203.2, has failed to reveal any fact

material to the holder's qualification for temporary registration, or has supplied information to the Commission that is untrue or misleading as to a material fact pertaining to the criteria for issuance of temporary registrations.

(2) The applicant's regular registration application is referred by a vote of the Commission for an evidentiary hearing pursuant Business and Professions Code section 19825, and the Commission directs the Executive Director to cancel the temporary registration.

(3) The Executive Director receives from the applicant a request to withdraw his or her application for regular work permit *registration*.

(c) If any of the circumstances set forth in subsection (b) applies, then the Executive Director shall immediately do all of the following:

(1) Notify the temporary registration holder, the primary owner, the local law enforcement agency *contracted gambling establishment*, and the Division in writing of the cancellation of the temporary registration and the grounds for cancellation.

(2) *Notify the primary owner employing the registrant of the cancelled registration.* Require the primary owner employing the registrant to terminate immediately any employment of the holder of the cancelled temporary registration covered by the cancelled temporary registration.

(3) Notify the temporary registrant that he or she is required to surrender the temporary registration badge to the Commission not more than ten *(10)* days following the date that the notice of cancellation was mailed or such greater time as is authorized by the Executive Director.

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

Reference: Section 19984, Business and Professions Code

Section 12204. Ineligibility for Registration

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

(a) Except for an individual seeking registration as "other employee," an *An* individual applicant is under the age of 21.

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

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

~~(c)~~(d) If the application is for registration as an owner, supervisor, or player, the applicant has been subject to a final administrative or judicial adjudication revoking a registration under this chapter or a state gambling license, key employee license, work permit or finding of suitability or has had an application denied under this chapter or the Gambling Control Act.

~~(d)~~(e) The applicant would be ineligible for a state gambling license under any of the criteria set forth in Business and Professions Code section 19859,

subdivisions (b), (e), or (f), ~~or (g),~~ the terms of which are incorporated by reference and hereby expressly made applicable to applications for registration under this chapter.

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

~~(f)~~(g) The applicant has violated one or more of the prohibitions set forth in Subsection 12200.7(b)(5), ~~(10)~~ (11), or (20) or Subsection 12200.7(c)(c)(1) and (3).

~~(g)~~(h) The applicant has failed to comply with one or more of the requirements set forth in Subsection 12200.7(b)(8), (9), (15), (16), ~~or~~ (17), (18), (21), or in Subsections 12200.7(c)(2) or (e).

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

(i) The applicant is ineligible based on any other provision of law.

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

Reference: Section 19984, Business and Professions Code

12205. Cancellation of Registration

(a) Any registration issued in accordance with this chapter shall be subject to cancellation pursuant to this section. A registration shall be cancelled if the Commission determines upon *after* a noticed hearing that the registrant is

ineligible for registration, has failed in the application for registration to reveal any fact material to the holder's qualification for registration, or has supplied information in the registration application that is untrue or misleading as to a material fact pertaining to the criteria for issuance of registration.

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

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

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

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

Reference: Section 19984, Business and Professions Code

Section 12205.1 Transition to Licensing

(a) As expeditiously as possible in light of available program resources, the Division shall summon persons registered as primary owners, owners,

supervisors, players, and other employees for the purpose of applying for licenses under this chapter. The registration of any registrant that fails or refuses to submit a Request for Conversion of a Third Party Proposition Player Services Registration to a License (CGCC-437, new 06/04)(see section 12218(c)) including any fees to the Commission within 30 days of receiving a summons from the Division shall expire by operation of law on the following day. Prior to and during review of a request to convert a registration to a license, a registration shall remain valid and may be renewed by the registrant as necessary, upon application and approval of renewal of registration as provided in Section 12203.

(b) Any person who became affiliated with a primary owner following receipt of a summons from the Division the primary owner shall apply for registration pursuant to this chapter and shall be called forward by the Division expeditiously.

(b) If the registration expires by operation of law, the former registrant shall submit a new Request for Conversion of a Third Party Proposition Player Services Registration to a License (CGCC-437, new 06/04) and a new five hundred dollar ($500) nonrefundable application fee.

(c) The transition to licensing for registrations approved prior to April 30, 2004, shall be completed no later than July 1, 2007.

(d) A request to convert a registration to a license shall require only payment of a sum of money that, in the judgment of the Director of the Division, will be adequate to pay the anticipated investigation and processing costs, in accordance with Business and Professions Code sections 19867 and 19984(c).

(e) If a license is issued, it will expire as provided in Section 12218.13 (Term of License).

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

Reference: *Section 19984, Business and Professions Code*

Section 12206. Badge

~~All individuals registered as owners, supervisors, players, and all other employees of the owner shall wear in a prominently visible location a numbered badge issued by the Commission when present in a gambling establishment during the provision of proposition player services under the proposition player contract that covers the registrant. The words " TPP PLAYER REGISTRANT" in capital letters shall be prominently displayed on the badge above the registrant's category of registration as an owner, supervisor, player or other employee. Below that portion of the badge there shall be displayed the picture of the registrant submitted with the application and the badge number, registrant's first name, and expiration date. The registrant's full name shall be printed on the reverse side of the badge.~~

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

Reference: Section 19984, Business and Professions Code

Section 12207. 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:~~

~~(1) The names of the parties to the contract.~~

~~(2) The effective dates of the contract.~~

~~(3) The specific name of the Division-approved gaming activities for which proposition player services will be provided.~~

~~(4) The maximum and minimum number of gaming tables available to the proposition player provider service.~~

~~(5) That no more than one owner, supervisor, or player from each provider of proposition player service shall simultaneously play at a table.~~

~~(6) The hours of operation that proposition player services will be provided.~~

~~(7) A detailed description of the location, applicable security measures, and purpose of any currency, chips, or other wagering instruments that will be stored, maintained, or kept within the gambling establishment by or on behalf of the primary owner.~~

~~(8) That proposition player services shall be provided in the gambling establishment only in compliance with laws and regulations pertaining to controlled gambling.~~

~~(9) That proposition player services may be provided only by owners, supervisors, and players with current registration under this chapter.~~

~~(10) That a registrant may not provide proposition player services in a gambling establishment for which the registrant holds a state gambling license, key employee license, or work permit.~~

~~(11) That collection fees charged by the house for participation in any controlled game shall be the same as those charged to other participants during the play of the game.~~

~~(12) The form to be used for the playing book record and the initial number that will be used for the sequentially numbered forms.~~

~~(13) Any agreement between the primary owner and the house for owners or supervisors to inspect or receive a copy of surveillance recordings of tables at which proposition player services are provided under the contract during the times the services are provided, as necessary for business purposes.~~

~~(14) A full disclosure of any financial arrangements entered into during the term of the contract for any purpose between the house and any registrant covered by the proposition player contract. If there is no financial consideration that passes under the contract, a statement to that effect shall be included.~~

~~(15) That any legal dispute between the owner and the house, including any exclusion of a registered owner, player, or supervisor covered by the contract from the house shall be within 10 days reported by the primary owner and the house to the Commission and Division.~~

~~(16) That the primary owner and the house shall within 10 days report to the Commission and Division the identity of any registrant whose activities are covered by the proposition player contract and who is arrested in the gambling establishment by a peace officer, who is removed from the gambling establishment by a peace officer or the house, or who is involved in a patron dispute regarding his or her activities in the gambling establishment that is the subject of a report to a peace officer and that results in removal of one or more individuals.~~

~~(17) That any cheating reported to the house by a registrant shall be reported within 5 days by the primary owner and the house to the Commission and Division.~~

~~(c) Except as expressly authorized by this subsection, a proposition player contract shall not include any provision authorizing payment to or receipt by the house, or a designee thereof, of any share of the profits or revenues of a registrant. Any payments made by a registrant to the house for a purpose determined by agreement with the house shall be specifically authorized by the proposition player contract. All payments shall be specified in the contract. In no event may a proposition player contract provide for any payment based on a percentage or fraction of the registrant's gross profits or wagers made or the number of players. All payments shall be fixed and shall only be made for services and facilities requested by, and provided to, the registrant, and for a reasonable share of the cost of advertising with respect to gaming at the gambling establishment in which the registered owner participates. No contract provision shall authorize any payments for services or facilities that are substantially disproportionate to the value of the services or facilities provided. No payment other than the collection of fees~~

~~for play, shall be required for play at any table, including, without limitation, reservation of a seat.~~

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

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

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

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

Reference: Section 19984, Business and Professions Code

Section 12208. Review and Approval of Proposition Player Contracts

~~(a) (1) On and after April 30, 2004, proposition player services shall not be provided except pursuant to a proposition player contract, in writing, approved in advance by the Division. Provision of proposition player services by any person subject to registration under this chapter, or engagement of proposition player services by the holder of a state gambling license, without a contract as required by this section is a violation of this section. The Division shall approve a proposition player contract if the contract is consistent with this regulation and the~~

~~Act; the contract does not provide for controlled gambling that will be conducted in a manner that is inimical to the public health, safety, or welfare; the contract will not create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, or activities in the conduct of controlled gambling or in the carrying on of the business and financial arrangements incidental thereto; and will not undermine public trust that the controlled gambling operations covered by the contract will be conducted honestly, by reason of the existence or perception of any collusive arrangement between any party to the contract and the holder of a state gambling license, or otherwise.~~

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

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

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

~~(B) A completed Appointment of Designated Agent for Owners and Proposition Players (DGC-APP.031, rev. 09/03) which is hereby incorporated by reference.~~

~~(C) An executed copy of the contract that specifically addresses all of the requirements of Section 12207.~~

~~(D) A playing book form that specifically addresses all of the requirements of section 12209.~~

~~(E) A five hundred dollar ($500) nonrefundable application fee.~~

~~(F) A deposit in such amount as, in the judgment of the Director of the Division, will be sufficient to pay the anticipated processing costs. The Division may require an additional sum to be deposited to pay the final costs of the review and approval or~~

~~disapproval of the contract. Any money received as a deposit in excess of the costs incurred in the review and approval or disapproval of the contract will be refunded and an itemized accounting will be provided to the primary owner, or primary owner's designee.~~

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

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

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

~~(A) Proposition player services were provided in the gambling establishment at any time during the 30 days preceding the application pursuant to a contract that was previously approved by the Division and that has been terminated.~~

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

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

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

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

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

~~(B) A completed Appointment of Designated Agent for Owners and Proposition Players (DGC-APP.031, rev. 09/03).~~

~~(C) An executed copy of the contract that specifically addresses all the requirements of Section 12207.~~

~~(D) A playing book form that specifically addresses all the requirements of Section 12209.~~

~~(E) A five hundred dollar ($500) nonrefundable application fee.~~

~~(F) A deposit in such amount as, in the judgment of the Director of the Division, will be sufficient to pay the anticipated processing costs. The Division may require an additional sum to be deposited to pay the final costs of the review and approval or disapproval of the contract. Any money received as a deposit in excess of the costs incurred in the review and approval or disapproval of the contract will be refunded and an itemized~~

~~accounting will be provided to the primary owner, or primary owner's designee.~~

~~(c) (1) Within 15 days of receiving any complete application for approval of a proposition player contract or amendment, the Division shall submit the contract or amendment to the Commission for review and comment. The Commission shall provide the Division with comments, if any, within 10 days of receipt of the contract or amendment. This paragraph does not apply to expedited approval under subsection (b).~~

~~(2) A copy of the Division's notice of approval or disapproval of a proposition player contract or amendment thereto shall be sent to the Commission.~~

~~(d) An executed copy of the currently effective contract, and all amendment(s) thereto, and a copy of all Division notices that approved the contract and any amendment shall be maintained at the gambling establishment and shall be provided for review or copying upon request by any representative of the Commission or Division.~~

~~(e) The term of any proposition player contract shall not exceed one year and shall not be extended or renewed without the prior approval of the Division. No amendment changing any of the contract terms referred to in Section 12207, other than paragraphs (3) and (6) of subsection (b) thereof, may become effective during the term of a proposition player contract without the prior written approval of the Division. If any amendment is made to a proposition player contract term specified in paragraph (3) or (6) of subsection (b) of Section 12207, both parties to the contract shall notify the Commission and Division in writing of the amendment within 10 days of the execution thereof by the parties to the contract.~~

~~(f) Requests to review and approve an amendment to a proposition player contract shall be submitted with an application for approval along with an executed copy of the contract, a five hundred dollar ($500) nonrefundable application fee, and a deposit in such amount as, in the judgment of the Director of the Division, will be sufficient to pay the anticipated processing costs. The Division may require an additional sum to be deposited to pay the final costs of the review and approval or disapproval of the amendment. Any money received as a deposit in excess of the costs incurred in the review and approval or disapproval of the amendment shall be refunded and~~

~~an itemized accounting shall be provided to the primary owner or the primary owner's designee.~~

~~(g) 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.~~

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

Reference: Section 19984, Business and Professions Code

Section 12209. Playing Books

~~(a) The primary owner shall be responsible for assuring that their players maintain accurate, complete, and up-to-date playing books for all sessions of play worked in conformity with regulations of the Commission. The information in the playing-book record shall be transferred to the primary owner, or a supervisor designated by the primary owner, on a daily basis. Primary owners shall maintain this information at a single location in the State of California, and shall maintain the original playing book records in the State of California, for at least five years. The location or locations where the records of this information and the original playing book records are maintained, and any change therein, shall be disclosed to the Commission and Division by written notice mailed or delivered within five business days after establishing or changing such a location.~~

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

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

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

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

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

~~(C) The date when play occurred.~~

~~(D) Beginning and ending balances.~~

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

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

~~(G) The table number.~~

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

~~(I) The name of the primary owner.~~

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

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

Reference: Section 19984, Business and Professions Code

Section 12210. Transfers and Sales

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

~~under this regulation. Evidence of the transferor's agreement to transfer the interest shall accompany the application for registration.~~

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

Reference: Section 19984, Business and Professions Code

Section 12211. Inspections

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

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

Reference: Section 19984, Business and Professions Code

Section 12212. Compliance

~~(a) Registrants shall comply with game rules approved by the Division regarding player-dealer rotation and table wagering. No registrant shall be accorded any preference by the house over other players; provided, that a proposition player contract may, at any table assigned for play by the contracted registrant, preclude players of any other registrant under this chapter or chapter 2.2 of this title from playing at that table during the periods of play assigned by the proposition player contract for the contracted~~

~~registrant. For purposes of this subsection, "preference" means and is limited to both of the following if sanctioned by house rule or otherwise directed by the house or its employees:~~

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

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

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

Reference: Section 19984, Business and Professions Code

Section 12213. Revocation

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

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

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

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

~~(d) The registrant failed or refused to comply with the requirements of Section 12211.~~

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

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

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

~~(h) The primary owner or any other owner knowingly permitted one or more of the owner's supervisors or players to commit any act described in subsections (a) to (f), inclusive.~~

~~(i) The primary owner or any other owner knew, or failed to implement reasonable oversight procedures that would have apprised the owner, that one or more of the owner's supervisors or players was in violation of one or more provisions of this chapter or of the Gambling Control Act and failed or refused to take action to prevent the recurrence of the violation or violations~~.

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

Reference: Section 19984, Business and Professions Code

Section 12214. Emergency Orders

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

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

Reference: Sections 19984 and 19931, Business and Professions Code

Article 3. Licensing

Section 12218. ~~Application for Initial Licensing~~ Request to Convert Registration to Licensure

(a) ~~License applications shall be submitted only in response to a written summons from the Division to a registrant pursuant to Section 12200.25. Registrants whose applications were approved on or before March 31, 2004 shall be summoned before registrants whose applications were approved after that date.~~ A request to convert a registration to a license shall be submitted *to the Commission* only in response to a written summons from the Division to a primary owner pursuant to Section 12200.25 *12205.1*. Each primary owner's request shall be accompanied by the requests of all affiliated owners, supervisors, players, and other employees.

(b) The ~~application for licensing~~ request to convert a registration to a license shall designate whether the ~~registration~~ license is requested as a primary owner, other owner, supervisor, player, or other employee. The ~~application~~ request shall be signed by the individual ~~applicant~~ requester or, if the ~~applicant~~ requester is a business entity, by the chief executive officer or other designated officer of the business entity.

(c) ~~An application for licensing~~ The request to convert a registration to a license shall include all of the following:

(1) A completed ~~Application for Third Party Proposition Player Services Licensing~~ Request for Conversion of a Third Party Proposition Player

Services Registration to a License (CGCC-437, New 6/04), which is hereby incorporated by reference.

(2) ~~A Request for Live Scan Service (California Department of Justice Form BCII 8016, rev. 4/01) for an applicant that is an individual, confirming that the applicant's fingerprints have been submitted to the Bureau for an automated background check and response~~ Two (2) two-by-two inch *2x2 inch* color passport-style photographs of a requester that is an individual taken no more than one year before submission of the request to the Commission.

(3) The supplemental information package *as defined in section 12200(b)*.

(4) A sum of money that, in the judgment of the Director of the Division, will be adequate to pay the anticipated investigation and processing costs, in accordance with Business and Professions Code section 19867.

(5) A copy of the summons issued by the Division.

(d) Nothing in this chapter shall require the Commission or Division to divulge to the requester any confidential information received from any law enforcement agency or any information received from any person with assurances that the information would be maintained as confidential. Nothing in this chapter shall require the Commission or Division to divulge any information that might reveal the identity of any source of information or jeopardize the safety of any person.

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

Reference: Section 19984, Business and Professions Code

Section 12218.1 Subsequent Registrants

After a primary owner is licensed, the summons previously issued to that primary owner by the Division shall be deemed to apply to all subsequent registrants who become affiliated with that primary owner subsequent to licensure.

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

Reference: *Section 19984, Business and Professions Code*

Section 12218.5 Withdrawal of Request to Convert Registration to License

(a) A request for withdrawal of a request to convert a registration to a license may be made at any time prior to final action upon the request by the Director by the filing of a written request to withdraw with the Commission. For the purposes of this section, final action by the Division means a final determination by the Director regarding his or her recommendation on the request to the Commission.

(b) The Commission shall not grant the request unless the requester has established that withdrawal of the request would be consistent with the public interest and the policies of the Gambling Control Act and this chapter. If a request for withdrawal is denied, the Division may go forward with its investigation and make a recommendation to the commission upon the request, and the Commission may act upon the request to convert as if no request for withdrawal had been made.

(c) If a request for withdrawal is granted with prejudice, the requester thereafter shall be ineligible to renew its request until the expiration of one year from the date of the withdrawal. Unless the Commission otherwise directs, no

payment relating to any request is refundable by reason of withdrawal of request.

Authority: Sections 19840, 19841, and 19984, Business and Professions Code
Reference: Sections 19869 and 19984, Business and Professions Code

Section 12218.7 Processing Times--Request to Convert Registration to License

(a) Except as provided in subsection (b), a request to convert a registration to license submitted pursuant to this chapter shall be processed within the following timeframes:

(1) The maximum time within which the Commission shall notify the applicant in writing that a request or a resubmitted request is complete and accepted for initial processing by the Commission, or that a request or a resubmitted requested is deficient and identifying what specific additional information is required, is 20 days after receipt of the request. For the purposes of this section, "request" means the Request for Conversion of a Third Party Proposition Player Services Registration to a License (CGCC-437, New 6/04), which was incorporated by reference in Section 12218. A request is not complete unless accompanied by (1) *both* a copy of the summons from the Division setting a deadline for filing the request with the Commission and (2) the supplemental information package required by section 12218(c)(3) for review by the Division pursuant to paragraph (3) of this subsection for persons affiliated with the primary owner to whom

the summons was addressed. The supplemental information shall not be reviewed for completeness by the Commission.

(2) A request and the supplemental information package shall be forwarded by the Commission to the Division for processing within *ten (*10*)*days of the date that the Commission determines that the request is complete.

(3) The Division shall review the supplemental information package submitted for completeness and notify the applicant of any deficiencies in the supplemental information package, or that the supplemental information package is complete, within 45 days of the date that the request and supplemental information package are received by the Division from the Commission. Notwithstanding this subsection, subsequent to acceptance of the supplemental information package as complete, the Division may, pursuant to Business and Professions Code section 19866, require the requester to submit additional information.

(4) Pursuant to Business and Professions Code section 19868, the Division shall, to the extent practicable, submit its recommendation to the Commission within 180 days after the date the Division is in receipt of both the completed request pursuant to paragraph (2) of this subsection and the completed supplemental information package pursuant to paragraph (3) of this subsection. If the Division has not concluded its investigation within 180 days, then it shall inform the applicant and the Commission in writing of the status of the

investigation and shall also provide the applicant and the Commission with an estimated date on which the investigation may reasonably be expected to be concluded.

(5) The Commission shall grant or deny the request within 120 days after receipt of the final written recommendation of the Division concerning the request, except that the Commission may notify the applicant in writing that additional time, not to exceed 30 days, is needed.

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

Reference: Section 19984, Business and Professions Code sections

Section 12218.11 Ineligibility for Licensing

A requester shall be ineligible for licensing for any of the following causes:

(a) Except for an individual seeking licensing as "other employee," an *An* individual applicant is under the age of 21.

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

(c) The requester has, within the ten *(10)* year period immediately preceding the submission of the request to convert, been convicted of a misdemeanor involving a firearm or other deadly weapon, gaming or gaming-related activities prohibited by Chapter 9 (commencing with Section 319) or

Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal Code, violations of the Gambling Control Act, or dishonesty or moral turpitude, unless the applicant has been granted relief pursuant to Penal Code section 1203.4, 1203.4a, or 1203.45, provided, however, that the granting of relief pursuant to Penal Code section 1203.4, 1203.4a, or 1203.45 shall not constitute a limitation on the discretion of the Commission.

(d) If the request to convert is for licensing as an owner, supervisor, or player, the requester has been subject to a final administrative or judicial adjudication revoking a registration or license under this chapter or a state gambling license, key employee license, work permit or finding of suitability or has had an application denied under this chapter or the Gambling Control Act.

(e) *The requester has failed to meet the requirements of Business and Professions Code sections 19856 or 19857.*

(e) *(f)* The requester would be ineligible for a state gambling license under any of the criteria set forth in Business and Professions Code section 19859, subdivisions (b), (e), or (f), the terms of which are incorporated by reference and hereby expressly made applicable to requests to convert under this chapter.

(f) *(g)* The requester would be ineligible for a state gambling license under Business and Professions Code section 19858, the terms of which are incorporated by reference and hereby expressly made applicable to applications for registration under this chapter.

(g) *(h)* The requester has violated one or more of the prohibitions set forth in Subsection 12200.7(b)(5), (11) and (20) or Subsection 12200.7(c)(1) and (3).

(h) *(i)* The requester has failed to comply with one or more of the requirements set forth in Subsection 12200.7(b)(8), (9), (15), (16), (17), (18) or (21) or in Subsection 12200.7(c)(2) and (e).

(i) *(j)* The applicant is ineligible based on any other provision of law.

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

Reference: Section 19984, Business and Professions Code

Section 12218.13 Term of License

(a) All initial licenses shall be issued for a period of two *(2)* years.

(b) Due to nonrecurring workload problems associated with the processing of the first round of requests to convert registrations to licenses, all other initial licenses that are granted within three *(3)* years of the effective date of these regulations shall be issued for a period of two *(2)* years.

(c) Beginning July 1, 2007, all *initial and renewal* licenses other than player licenses and other employee licenses shall be issued for a period of one *(1)* year, except *for player and other employee licenses,* as otherwise provided by a subsequently adopted regulation of the Commission *which shall be issued for a period of two (2) years.*

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

Reference: Section and 19984, Business and Professions Code

Section 12218.15 Compliance –Licensing

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

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

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

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

Reference: Section 19984, Business and Professions Code

Section 12218.17 Background Investigation Deposit

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

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

Reference: Sections 19867 and 19984, Business and Professions Code

~~Section 12218.19 Term of License~~

~~All initial licenses shall be issued for a period of two years. Due to nonrecurring workload problems associated with the processing of initial license applications, all other initial licenses that are granted within two years of the effective date of these regulations shall be issued for a period of two years. Beginning July 1, 2007, all licenses other than player licenses shall be issued for a period of one year, except as otherwise provided by a subsequently adopted regulation of the Commission.~~

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

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

Chapter 2.2 Gambling Businesses: Registration; Licensing

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Article 1. Definitions and General Provisions

Section 12220. Definitions

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

(b) As used in this chapter:

(1) "Additional Badge" means a badge issued by the Commission pursuant to Section 12220.6 which authorizes an individual registrant or licensee to be simultaneously employed by more than one primary owner.

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

(2)*(3)* "Authorized player" means an individual associated with a particular primary owner whose badge authorizes play in a controlled game on behalf of the primary owner, including the primary owner, all other owners, all supervisors, and all players. "Authorized player" does not include funding sources. Only authorized players may perform the functions of a supervisor or player.

~~(2)~~ (3)*(4)* "Badge" means a form of identification issued by the Commission identifying a registrant or licensee. A badge authorizing play in a controlled game shall be of a distinctly different color than a badge that identifies a registrant or licensee, but does not authorize play.

~~(3)~~ (4)*(5)* "Bureau" means the Bureau of Criminal Identification and Information of the California Department of Justice.

~~(4)~~ (5)*(6)* "Commission" means the California Gambling Control Commission.

~~(5)~~ (6) *(7)* "Deadly weapon" means any weapon, the possession or concealed carrying of which is prohibited by Penal Code section 12020.

~~(6)~~ (7) *(8)* "Division" means the Division of Gambling Control in the California Department of Justice. Information that this chapter requires to be sent to the Division shall be submitted in writing to the Sacramento office of the Division.

~~(7)~~ (8) *(9)* "Executive Director" means the Executive Director of the Commission ~~or such other person as may be designated by the Commission~~.

~~(8)~~ (9) *(10)* "Funding source" means any person that provides financing, including but not limited to loans, advances, any other form of credit, chips, or any other representation or thing of value, to an owner-registrant or owner-licensee, other than individual registrants under Subsection ~~(d)~~ (c) *(d)* of Section ~~12201~~ *12221* or individual licensees. "Funding source" does not include any federally or state chartered lending institution or any of the following entities that in the aggregate owns at least one hundred million dollars ($100,000,000) of securities of issuers that are not affiliated with the entity:

(A) Any federally-regulated or state-regulated bank or savings association or other federally- or state-regulated lending institution.

(B) Any company that is organized as an insurance company, the

primary and predominant business activity of which is the writing of insurance or the reinsuring of risks underwritten by insurance companies, and that is subject to supervision by the Insurance Commissioner of California, or a similar official or agency of another state.

(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)~~ (10)*(11)* "Gambling business," except as otherwise provided in this paragraph, means a business enterprise that engages the services of employees, independent contractors, or both to participate in the play of any controlled game in a gambling establishment that has a rotating player-dealer position as permitted by Penal Code section 330.11. "Gambling business" also refers to the conduct of such a business enterprise in a gambling establishment. "Gambling business" does not, however, include the provision of proposition player services subject to Chapter 2 *2.1* (commencing with Section 12200) of this title.

~~(10)~~ (11)*(12)* "Gambling Control Act" or "Act" means Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code.

(12)*(13)* "License" means a license issued by the Commission pursuant to article 3 of this chapter.

(A) There are four license categories entitling the holder to operate a gambling business:

1. primary *Primary* owner,
2. Other owner, if issued a playing badge, Owner,
3. supervisor *Supervisor*, and
4. Player.

(B) All "other employees" *(as defined in this section)* of the primary owner who are present in the gambling establishment during the conduct of the gambling business shall be licensed as "other employee" and shall

be required to submit an application and be approved or denied based upon the same criteria that apply to a player.

(C) A primary owner and an owner may also perform the functions of a supervisor or player, and the holder of a supervisor's license may also perform the functions of a player.

(D) No licensee, other than an owner, supervisor, or player, may possess, direct, or otherwise control currency, chips, or other wagering instruments used for play of a controlled game.

(13)*(14)* "Licensee" means a person having a valid license.

(14)*(15)* "Organization chart" means a chart that identifies the names and titles of all owners, as defined in section 12220, supervisors, and any persons having significant influence over the operation of gambling business; the percentage of ownership, if any, held by each identified individual or entity; and the reporting relationship for each identified individual or entity; *and the job title and number of persons in each of the job titles that report to each individual or entity identified on the organization chart.*

(16) "Other employee" means an individual employed by a primary owner who is not authorized to serve as a player. "Other employee" does not include any owner, any supervisor, or any officer or director of a primary owner that is a corporation. 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 licensure as a player.

~~(11)~~ (15)*(17)* "Owner" includes all of the following:

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

(B) Any individual specified in subsection (d) of Section 12221 *Business and Professions Code section 19852, subdivisions (a) through (h)*, and

(C) Any funding source.

(16)*(18)* "Player" means an individual employed by or an independent contractor engaged by a gambling business to participate in the play of any controlled game in a gambling establishment.

(17)*(19)* "Playing Book" means a record documenting each session of play by an individual player.

~~(12)~~ (18)*(20)* "Primary Owner" means the owner specified in subparagraph (A) of paragraph ~~(11)~~ (15) *(17)* of this subsection.

(19)*(21)* "Rebate" means a partial return by an authorized player of chips or money to a patron who has lost the chips or money to the authorized player through play in a controlled game at a gambling establishment.

~~(13)~~ (20) *(22)*"Registrant" means a person having a valid registration.

~~(14)~~ (21)*(23)* "Registration" means a registration issued by the Commission pursuant to this chapter.

(A) There are four registration categories entitling the holder to participate in the operation of a gambling business: primary owner, owner, supervisor, and player.

(B) All other employees of the primary owner who are present in the gambling establishment during the operation of the gambling business shall be registered as "other employee." *and shall be required to submit an application, which application shall be approved or denied based upon the same criteria that apply to a player.*

(C) A primary owner issued a playing badge and an owner issued a playing badge may also perform the functions of a supervisor or player, and the holder of a supervisor's registration or license may also perform the functions of a player. No registrant, other than an owner issued a playing badge, supervisor, or player, may possess, direct, or otherwise control currency, chips, or other wagering instruments used for play as part of the operation of a gambling business. An individual registered or licensed as an "other employee" may not function as a player unless and until that individual applies for and obtains a registration or a license as player.

(24) "Reinstatement Badge" means a badge issued by the Commission to a player, a supervisor, or an "other employee" pursuant to Section 12220.6 which authorizes an individual registrant or licensee who has ceased to be employed by a primary owner to return to work for that primary owner.

(22)*(25)* "Session of play" as used in Section 12220.13 ("Playing Book") means a continuous work shift performed by a player.

(23)*(26)* "Supervisor" means an individual who, in addition to any supervisorial responsibilities, has authority, on behalf of the primary owner, to provide or direct the distribution of currency, chips, or other wagering instruments to affiliated registrants or licensees who are authorized to play.

(24)*(27)* "Supplemental information package" means all of the documentation and deposits required by each of the following forms (which are hereby incorporated by reference) to be submitted to the Commission in response to a summons issued by the Division pursuant to Section 12220.25:

(A) Owners, as defined in Section 12220(b), that are a natural person shall complete the form Level III Supplemental Information-Individual (DGC-APP. 034A, New 08/04) for a level III investigation.

(B) Owners, as defined in Section 12220(b), that are not a natural person shall complete the form Level III Supplemental Information-Business (DGC-APP. 034B, New 08/04) for a level III investigation.

(C) Supervisors, as defined in Section 12220(b) shall compete the form Level II Supplemental Information (DGC-APP. 033, New 08/04) for a level II investigation.

(D) Other employees, independent contractors, and players shall complete the form Level I Supplemental Information (DGC-APP. 032, New 08/04) for a level I investigation.

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

Reference: Sections 19805 and 19853(a)(3), Business and Professions Code

Section 12220.1 Certificate

(a) The Commission shall issue a registration or license certificate *with an expiration date*, as applicable, to each primary owner.

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

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

Reference: Sections 19805 and 19853(a)(3), Business and Professions Code

Section 12220.3 Badge

(a) All individuals registered or licensed as primary owners, owners, supervisors, players, or other employees of the primary owner shall wear in a prominently visible location a numbered badge issued by the Commission

when present in a gambling establishment during the operation of the gambling business.

(b) *A badge authorizing play in a controlled game shall be of a distinctly different color than a badge which identifies a registrant or licensee, but does not authorize play.* If an individual ceases to be employed by or affiliated with a particular primary owner, that individual shall surrender his or her badge to the primary owner. The primary owner shall notify the Commission and the Division in writing within 10 *ten (10)* days of the change in status using Change in Status Form for a Gambling Business Registration (CGCC-541, New 06/04), which is hereby incorporated by reference*; with this form, the primary owner shall submit the registrant's or licensee's badge*. Any primary owner receiving a badge from an individual formerly employed by or affiliated with the primary owner shall return the badge to the Commission within 10 days of receiving the badge from the holder.

(b)*(c)* The words "GAMBLING BUSINESS PLAYER REGISTRANT," "NON-PLAYER GAMBLING BUSINESS REGISTRANT," "GAMBLING BUSINESS PLAYER LICENSEE," or "NON-PLAYER GAMBLING BUSINESS LICENSEE" in capital letters shall be prominently displayed on the front of the badge. The first name of the registrant or licensee shall appear on the front of the badge. The full name of the registrant or licensee shall be printed on the reverse side of the badge, together with the registrant's or licensee's category of registration or licensing as an owner, supervisor, player, or other employee.

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

(d)*(e)* Upon renewal of each registration and upon issuance of each registration or license, authorized players shall be issued a badge of one color; individuals not authorized to play shall be issued a badge of a distinctly different color. *Any non-player badge issued prior to July 1, 2004, shall be re-issued upon renewal pursuant to subsection (b), so that each registrant receives either a player or non-player badge.*

(e)*(f)* An individual registered or licensed as a player with a particular primary owner shall apply for and obtain a new badge *pursuant to Section12220.6* before beginning to work for an additional *or different* primary owner.

(f)*(g)* Registration*s*, licenses, and badges are specific to the primary owner. A gambling business cannot be operated without first applying for and obtaining a registration, license, or badge.

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

Reference: Sections 19805 and 19853(a)(3), Business and Professions Code

Section 12220.5 Replacement of Badge

(a) Upon application *submission of a request*, the Executive Director shall issue a replacement badge if all of the following conditions are met:

(1) The applicant *requester* has a current valid registration or license.

(2) The application *request* is complete and has been submitted on the form Request for Replacement Gambling Business Badge (CGCC-538, New 06/04), which is hereby incorporated by reference.

(3) The applicant *requester* has supplied all of the following to the Commission:

(A) A two by two inch color passport-style photograph taken no more than one year before submission to the Commission of the badge replacement or transfer request.

(B) A nonrefundable *twenty-five dollar* $25.00 fee payable to the Commission.

(C) *(B)* The category of the position and information concerning the primary owner for which the replacement badge is requested: the name of the primary owner, mailing address, voice telephone number, facsimile number (if any), and email address (if any).

(D) *(C)* A statement under penalty of perjury that a replacement badge is needed due *a name change or* to loss or destruction of the originally issued badge.

(b) A 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 replacement badge, the previously issued badge for that gambling business shall become void and shall not be used.

(d) Replacement badges shall be issued by the Commission within seven *(7)* days of receipt of a complete application *request*.

Authority: Sections 19811, 19840, 19841, and 19853(a)(3), Business and Professions Code

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

Section 12220.6 Transfer *or Reinstatement* of Player Registration or License*; Issuance of Additional Badge*

(a) Upon application *submission of a request*, the Executive Director shall issue a player transfer badge*, reinstatement badge, or additional badge* if all of the following conditions are met:

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

(2) The application *request* is complete and has been submitted on the form Request for *Reinstatement or* Transfer of Gambling Business Registration/License *or Additional Third Party Proposition Player Services Badge* (CGCC-539, New 06/04), which is hereby incorporated by reference.

(3) The applicant *requester* has supplied all of the following to the Commission:

(A) A two by two inch color passport-style photograph taken no more than one year before submission to the Commission of the badge transfer request.

(B) A nonrefundable *one hundred and twenty-five dollar ($125.00)* fee payable to the Commission.

(C) The names *as applicable* of the current and future primary owner, *or previous owner or additional owner* mailing address, voice telephone number, facsimile number (if any), and email address (if any).

(b) A transfer 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 transfer badge, the previously issued badge shall become void and shall not be used.

(d) Transfer*, additional, and reinstatement* badges shall be issued by the Commission within seven *(7)* days of receipt of a complete application *request*.

Authority: Sections 19811, 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Sections 19805 and 19853(a)(3), Business and Professions Code

Section 12220.13 Playing Book

(a) The primary owner shall be responsible for assuring that its players maintain accurate, complete, and up-to-date playing books for all sessions of play worked in conformity with regulations of the Commission. The information in the playing-book record shall be transferred to the primary owner, or a supervisor designated by the primary owner at the end of each session of play. The primary owner shall maintain this information in English at a single location in the State of California, and shall maintain the original playing book records in the State of California, for at least five *(5)* years.

The location or locations where the records of this information and the original playing book records are maintained, and any change therein, shall be disclosed to the Commission and Division by written notice, mailed or delivered within five *(5)* business days after establishing or changing such a location.

(b) Playing books *The playing book* shall be prepared and maintained as follows:

(1) Playing book forms *The playing book form* shall be reviewed and approved or disapproved by the Division *during the review of the primary owner's registration application*.

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

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

(B) Specify the name of the *The name of the* gambling establishment where play occurred.

(C) The date *and approximate time* when play occurred.

(D) Beginning and ending balances.

(E) *Individual identification of* All *all* fills and credits affecting the balance shall be individually identified.

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

(G) The table number assigned by the gambling establishment.

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

(I) The name of the primary owner.

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

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

Reference: Sections 19805 and 19853(a)(3), Business and Professions Code

Section 12220.14. Organization Chart and Employee Report

(a) No later than September 1, 2004, each registered or licensed primary owner shall submit a current organization chart and a listing of all employees and independent contractors to the Division and the Commission. The listing of employees *and independent contractors* shall be submitted on the form Gambling Business Employee and Independent Contractor Report (CGCC-540, New 06/04), which is hereby incorporated by reference.

(b) Upon renewal of the registration or license and six months thereafter, each registered or licensed primary owner shall submit an updated organization chart and a listing of all employees *and independent contractors* to the Division and the Commission.

(c) The primary owner shall notify the Division and the Commission in writing within ten days of any change to the organization chart. *(c) The primary owner shall notify the Division and the Commission in writing within ten (10) days of any change to its ownership structure.*

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

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

Section 12220.15 Transfers and Sales

(a) No individual who is an owner shall in any manner transfer any interest in the proposition player services *gambling business* operation to any person, firm, or corporation until the proposed transferee or transferees have made application for and obtained registration or licensing as an owner from the Commission. Applications for a transfer of the interest shall be made by the transferee applying for registration or licensing under this regulation. Evidence of the transferor's agreement to transfer the interest shall accompany the application for registration or licensing. *If any registered or licensed owner wishes to sell in whole or in part any ownership interest to any unregistered or unlicensed person, the owner must first notify the Commission in writing to request approval of the transaction. The transferee must apply for and be approved as a TPP registrant or licensee. Evidence of the transferor's agreement to transfer the interest and, if applicable, the proposed articles of incorporation, shall accompany the application for registration or licensing.*

(b) If applicable, the proposed articles of incorporation and sales and transfer agreement shall be submitted to the Commission for approval prior to submission of any application.

(c) The effective date of the sale shall be at least 90 days after receipt of the application, or such other shorter time period as shall be set by the Executive Director with the agreement of the applicant.

(c) Any transfer or sale of an interest to a registered or licensed person shall be submitted in writing to the Commission within ten (10) days of the final transaction.

(d) The primary owner shall notify the Division and the Commission in writing within ten days of any change to the organization chart.

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

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

Section 12220.16. Inspections and Investigations

(a) When requested by a representative of the Division, a registrant or licensee shall immediately permit the Division representative, in accordance with the request, to inspect, copy, or audit all requested documents, papers, books, and other records of the registrant or licensee related to the gambling business. If the records are maintained in electronic form and the registrant or licensee is requested to do so, the registrant or licensee shall provide a

printed copy in English pursuant to this section within 24 hours of the request.

(b) If requested in writing by the Executive Director, the Division shall conduct an inspection or investigation of a registrant or a licensee. Within 30 days of receipt of the request, the Division shall advise the Executive Director in writing of the status of the inspection or investigation and shall also provide an estimated date on which the inspection or investigation may reasonably be expected to be concluded. Upon completion of the inspection or investigation, the Division shall provide a final written report to the Executive Director.

(c) Nothing in this chapter precludes Commission staff from carrying out their duties under applicable statutes and regulations.

(d) All records required by this chapter shall be maintained in English, in California, for at least five *(5)* years.

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

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

Section 12220.17 Emergency Orders

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

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

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

Section 12220.18 Revocation

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

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

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

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

(d) The registrant or licensee failed or refused to comply with the requirements of Section 12200.16 (Inspections and Investigations).

(e) The registrant or licensee failed or refused to comply with the requirements of Section 12200.14 (Organization Chart and Employee Report).

(f) The registrant or licensee concealed or refused to disclose any material fact in any inquiry by the Division or the Commission.

(g) The registrant or licensee committed, attempted, or conspired to commit any embezzlement or larceny against a gambling business registrant or licensee or *against a* holder of a state gambling license, or upon *on* the premises of a gambling establishment.

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

(i) The registrant or licensee buys or sells chips other than from the cage or a house chip cart *to or from the house*, except for exchanging with a patron chips of one denomination for chips of another denomination.

(j) The registrant or licensee lends money or chips to gambling establishment patrons or proposition players, except for exchanging with a patron chips of one denomination for chips of another denomination.

(k) *The registrant or licensee made wagers that were not specifically authorized by the game rules approved by the Division.*

(k) *(l)* Any owner knowingly permitted one or more of the owner's supervisors or players to commit any act described in subsections (a) to (j) *(k)*, inclusive.

(l) *(m)* Any owner knew, or failed to implement reasonable oversight procedures that would have apprised the owner, that one or more of the registrants or licensees was in violation of one or more provisions of this chapter or of the Gambling Control Act and failed or refused to take action to prevent the recurrence of the violation or violations.

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

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

Section 12220.20 Annual Fee

(a) *(1)* No later than September 1 of each year, beginning September 1, 2004, each registered or licensed primary owner shall submit to the Commission the annual fee set forth in subsection (c) of this section, based on the total number of registrations or licenses affiliated with that the primary owner on the immediately preceding August 15 *August 1*. The payment due September 1, 2004 *of each year* shall be based on the total number of registrations affiliated with the primary owner on August 15, 2004 *1 of each year*.

(2) For each licensed primary owner, the annual fee shall be assessed based upon the total number of licenses affiliated the primary owner 120 days prior to the renewal due date.

(b) Within 30 days of approval of any request to convert a registration to a license, the Commission shall notify the licensee of any additional fees owed for the term of the license granted, allowing pro rata credit on a monthly basis for any annual fee paid in connection with a registration that has not expired.

(c) The annual fee shall be computed based on the following schedule reflecting the total number of registrants or licensees affiliated with a particular primary owner on the date of assessment:

Category	Number of Registrants	Fee Per Registrant

	or Licensees	or Licensee
A	1—5	$2800
B	6--35	$3050
C	36--175	$3300
D	176—400	$3550
E	401--900	$3800
F	901--1200	$4050
G	1201 or more	$4300

(d) (1) Upon advance written approval by the Executive Director, installment payments submitted prior to conversion to licensure shall be permitted *The annual fee may be paid in installments. The primary owner must submit a written request to the Executive Director to make installment payments 30 days prior to the annual fee due date. Upon approval by the Executive Director, installment payments submitted prior to licensure shall be made* as follows: one-third of the annual fee to be submitted no later than September 1, one-third no later than December 1, and the balance no later than March 1.

(2) Upon advance written approval by the Executive Director, installment payments submitted after conversion to licensure shall be permitted

The annual fee may be paid in installments. The primary owner must submit a written request to the Executive Director to make installment payments 30 days prior to the annual fee due date. Upon approval by the Executive Director, installment payments submitted after conversion to licensure shall be made as follows: one-third of the annual fee to be submitted prior to issuance of the license, one-third to be submitted three months thereafter, and one-third to be submitted six months thereafter.

(e) Refunds shall not be available in the event of a subsequent decrease in the number of registrants or licensees upon which the annual fee payment was based.

(f) *(1)* Following assessment of the annual fee, if the primary owner increases the number of its registrants or licensees above the number upon which the annual fee assessment was based, the primary owner shall submit to the Commission *both the required application fee for the additional registrants or licensees and* the additional per player fee set forth in subsection (c) of this section. No new badges will shall be issued until the additional per player fee *all fees* has *have* been received by the Commission.

(2) Fees due under this subsection shall be prorated on a monthly basis.

(3) Fees due under this subsection may be paid in installments, on the conditions that the installment payment request is submitted in writing, that one-third of the fees are paid with the application for additional registrants or licensees, and that two subsequent equal payments are paid at reasonable intervals prior to expiration of the applicable term, subject to the approval of the Executive Director.

(g) No renewal application shall be accepted *approved* by the Commission until any delinquent annual fees have been paid in full.

Authority: Sections 19801, 19811, 19823, 19824, 19840, 19841, and 19853(a)(3), Business and Professions Code

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

Section 12220.20 Annual Fee

(a) (1) No later than September 1 of each year, beginning September 1, 2004, each registered primary owner shall submit to the Commission the annual fee set forth in subsection (c) of this section, based on the total number of registrations or licenses affiliated with the primary owner on the immediately preceding August 1. The payment due September 1 of each year shall be based on the total number of registrations affiliated with the primary owner on August 1 of ~~each~~ that same year.

(2) For each licensed primary owner, the annual fee shall be assessed based upon the total number of licenses affiliated with the primary owner 120 days prior to the renewal due date.

(b) Within 30 days of approval of any request to convert a registration to a license, the Commission shall notify the licensee of any additional fees owed for the term of the license granted, allowing pro rata credit on a monthly basis for any annual fee paid in connection with a registration that has not expired.

(c) The annual fee shall be computed as follows: ~~based on the following schedule reflecting the total number of registrants or licensees affiliated with a particular primary owner on the date of assessment:~~

~~Category~~	~~Number of Registrants or Licensees~~	~~Fee Per Registrant or Licensee~~
~~A~~	~~1 5~~	~~$2800~~

~~B~~	~~6--35~~	~~$3050~~
~~C~~	~~36--175~~	~~$3300~~
~~D~~	~~176--400~~	~~$3550~~
~~E~~	~~401--900~~	~~$3800~~
~~F~~	~~901--1200~~	~~$4050~~
~~G~~	~~1201 or more~~	~~$4300~~

(1) Beginning with the assessment year starting September 1, 2004, each primary owner shall pay the sum of two thousand fifty dollars ($2050) per registrant or licensee. This fee shall be retroactive to September 1, 2004. Any overpayment of fees previously paid that cannot be applied against an installment payment which is due shall be credited against the following year's annual fee obligation, unless the primary owner no later than February 1, 2005 submits a written refund request to the Executive Director.

(2) Beginning with the assessment year starting September 1, 2005, or other license term granted should subsection (b) be applicable, each primary owner shall pay the sum of two thousand three hundred dollars ($2300) per registrant or licensee less any applicable credit that may apply from subsection (c)(1) of this section.

(3) Beginning with the assessment year starting September 1, 2006, or other license term granted should subsection (b) be applicable, and thereafter each primary owner shall pay the sum of two thousand eight hundred dollars ($2800) per registrant or licensee.

(d) (1) The annual fee for each registered primary owner may be paid in installments. The primary owner must submit a written request to the Executive Director to make installment payments ~~30 days~~ prior to ~~the annual fee due date~~ August 1 of that same year. Upon approval by the

Executive Director, installment payments submitted prior to licensure shall be made as follows: one-third of the annual fee to be submitted no later than September 1, one-third no later than December 1, and the balance no later than March 1.

(2) The annual fee for each licensed primary owner may be paid in installments. The primary owner must submit a written request to the Executive Director to make installment payments ~~30~~120 days prior to the ~~annual fee due date~~ expiration of the license. Upon approval by the Executive Director, installment payments submitted after conversion to licensure shall be made as follows: one-third of the annual fee to be submitted prior to issuance of the license, one-third to be submitted three months thereafter, and one-third to be submitted six (6) months thereafter.

(e) Refunds shall not be available in the event of a subsequent decrease in the number of registrants or licensees upon which the annual fee payment was based.

(f) (1) Following assessment of the annual fee, if the primary owner increases the number of its registrants or licensees above the number upon which the annual fee assessment was based, the primary owner shall submit to the Commission both the required application fee for the additional registrants or licensees, and the additional per player annual fee set forth in subsection (c) of this section. No new badges shall be issued until all fees required by this subsection have been received by the Commission.

(2) Fees due under this subsection shall be prorated on a monthly basis.

(3) Fees due under this subsection may be paid in installments, on the conditions that the installment payment request is submitted in writing, that one-third of the fees are paid with the application for additional registrants or licensees, and that two subsequent equal payments are paid at reasonable intervals prior to expiration of the applicable term, subject to the approval of the Executive Director.

(4) A primary owner may hire and fire registered or licensed employees during the term of the primary owner's registration/license without payment of additional per-registrant/per-licensee annual fees if all of the following apply:

(A) The primary owner reports pursuant to Section 12220.3 whenever an individual ceases to be employed by or affiliated with the primary owner.

(B) The required $500 application fee has been paid for each new registrant/licensee added following the date the annual fee was assessed.

(C) The net number of affiliated registrants/licensees does not during any calendar month exceed the registrant/licensee number on which the annual fee assessment was based.

(g) No renewal application shall be approved by the Commission until any delinquent annual fees have been paid in full.

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

Reference: Section 19984, Business and Professions Code

Section 12220.20A Annual fee as applied to those registered under Chapter 2.1

(a) A primary owner who is currently registered or licensed under Chapter 2.1 may also operate as a gambling business and not be required to pay annual fees under Chapter 2.2 if the following conditions are satisfied:

(1) The primary owner has paid all Chapter 2.1 annual fees due on the date of the Chapter 2.2 application.

(2) The primary owner files an application for registration or licensure under this chapter and pays the required five hundred dollar ($500) application fee.

(3) Each registrant or licensee affiliated with the primary owner under Chapter 2.1 who wishes to be registered or licensed under Chapter 2.2 pays a one hundred and twenty-five dollar ($125) fee for this Chapter 2.2 registration or license.

(b) If an employee works solely as part of a gambling business and does not provide services under chapter 2.1, then the primary owner shall pay the per registrant annual fee assessment for that employee pursuant to Section 12220.20.

(c) If a background investigation of a person has already been performed under chapter 2.1, and if that person's registration or licensure under chapter 2.1 is current, then a second background investigation shall not be required under this chapter.

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

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

Section 12220.21 Compliance

(a) Registrants and licensees shall comply with game rules approved by the Division, including but not limited to, the rules regarding player-dealer rotation and table wagering. No registrant or licensee shall be accorded any preference by the house over other players.

(b) Only an authorized player may possess, direct, or otherwise control currency, chips, or other wagering instruments used for play in the operation of the gambling business.

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

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

Section 12220.23 Exclusion

(a) In order to promote the purposes of the Gambling Control Act to provide for effective regulation of gambling enterprises, owner-licensees of gambling establishments shall notify the Commission and Division of, and may exclude from the gambling establishment, any person that the owner-licensee reasonably believes is conducting a gambling business within the gambling establishment without having been registered under this chapter. An owner-licensee acting under this section shall notify the Commission and Division in writing of any such unregistered person and any such exclusion,

including the identity of the excluded individuals and entity if known, within 10 *ten (10)* business days following the exclusion. Upon receiving such notice of an unregistered person, the Commission shall notify the person in writing of the registration requirement of this chapter and shall notify all owner-licensees of the name of the unregistered person, if known and may condition any subsequent registration of the person under this chapter or Chapter 2.1 of this title upon a 60 to 90 day suspension of registration or payment of a civil penalty under Business and Professions Code section 19930(c), or both.

(b) An owner-licensee of a gambling establishment may exclude any registered or licensed gambling business upon providing notification to the Commission and Division in writing within five *(5)* days following the exclusion.

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

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

Article 2. Registration

Section 12220.25 Transition to Licensing

(a) The Division shall summon persons registered as primary owners, owners, supervisors, players, and other employees for the purpose of applying for licenses under this chapter. The Division shall summon primary owners, owners, supervisors, players, and other employees as expeditiously as possible in light of available program resources. The registration of any registrant that fails or refuses to submit a Request for Conversion of a

Gambling Business Registration to a License (CGCC-537, New 06/04))(see section 12233(c) including any fees to the Commission within 30 days of receiving a summons from the Division shall expire by operation of law on the following day. Prior to and during review of a request to convert a registration to a license, a registration shall remain valid and may be renewed by the registrant as necessary, upon application and approval of renewal of registration.

(b) If the registration expires by operation of law, the former registrant shall submit a new request to convert a registration to a license and a new nonrefundable application fee.

(c) The transition from registration to licensing for applications approved prior to April 30, 2004, shall be completed no later than July 1, 2007.

(d) A request to convert a registration to a license shall require only payment of a sum of money that, in the judgment of the Director of the Division, will be adequate to pay the anticipated investigation and processing costs, in accordance with Business and Professions Code section 19867.

(e) If a license is issued, it will expire as provided in Section 12237 (Term of License).

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

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

Section 12221. Registration

(a) On and after March 5, 2004, no person may engage in a gambling business as an owner or as an employee or independent contractor of an owner, nor may any person obtain a badge as required by Section ~~12226~~ 12220.3 without a current valid registration issued by the Commission. Persons registered to provide proposition player services under Chapter 2 (commencing with Section 12200) of this title are not required to register under this chapter to provide proposition player services pursuant to one or more proposition player contracts approved by the Division pursuant to Section ~~12208~~ 12200.9 of this title.

(b) Registration shall be issued for a period of one *(1)* year. *Registration shall be issued for a period of one (1) year to owners and supervisors, and for a period of two (2) years to players and other employees.*

(c) Registration under this Article or its predecessor shall not create any vested right licensing under Article 3 of this chapter or any successor provision.

~~(c)~~(d) If a primary owner is a corporation, partnership, or other business entity, each owner 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 owner listed on the business entity's registration certificate.

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

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

(g) Registration is non-transferable.

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

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

Section 12222. Application for Registration

(a) The application for registration shall designate whether registration is requested as a primary owner, other owner, or employee or independent contractor of the primary owner. The application shall be signed by the individual applicant and the designated agent, or, if the applicant is a business entity, by the chief executive officer or other designated officer of the business entity.

(b) An application for registration shall include all of the following:

(1) Payment of a nonrefundable application fee in the amount of five hundred dollars ($500).

(2) A completed Application for Gambling Business Registration ~~(CGCC-037, rev. 02/04)~~ (CGCC-535, Rev. 06/04),which is hereby incorporated by reference.

(3) A properly completed Request for Live Scan Service (California Department of Justice Form BCII 8016, rev. 4/01) of an applicant that is an individual, confirming that the applicant's fingerprints have been submitted to the Bureau for an automated background check and response.

(4) Two (2) two-by-two inch *2x2 inch* color passport-style photographs of an applicant that is an individual taken no more than one *(1)* year before submission of the application to the Commission.

(c) An applicant *that is an individual* shall *complete and* submit such supplemental information as may be required by the ~~Commission~~ form Gambling Business Registration Supplemental Information ~~(CGCC-038, rev. 02/04)~~ (CGCC-536, Rev. 06/04), which is hereby incorporated by reference, or by the Division as necessary for completion of its review as provided in this chapter.

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

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

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

Section 12223. Processing of Applications *for Initial and Renewal Registration*

(a) The Executive Director shall notify the applicant in writing within ~~fifteen business~~ ten *twenty (20)* days of receiving the application, that the application or resubmitted application is complete and accepted for filing, or that the application or resubmitted application is deficient. If an application for registration is incomplete, the Executive Director shall request in writing any information needed in order to complete the application. The applicant shall be permitted ~~at least~~ 60 *30* ~~but no more than 90~~ days in which to furnish the information. If the applicant fails to respond to the request, the application shall be deemed abandoned and no further action will be taken on it.

(b) Upon determination that an application for registration is complete, the application shall be processed within ~~60~~ 30 *60* days and the Executive Director shall either issue the registration and, if applicable, the badge applied for or shall notify the applicant of denial and the grounds therefor under Section 12224. ~~However, this time may be extended by the Executive Director for no more than 30 additional days if necessary to obtain information required to determine eligibility. The Executive Director shall promptly notify the applicant in writing of any such delay, including the length of the extension.~~

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

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

provide written notice of abandonment of the application to the primary owner.

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

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

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

Section 12224. Ineligibility for Registration

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

(a) Except for an individual seeking registration as "other employee," an *An* individual applicant is under the age of 21.

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

~~(b)~~(c) The applicant has, within the ten *(10)* year period immediately preceding the submission of the application, been convicted of a misdemeanor involving a

firearm or other deadly weapon, gaming or gaming-related activities prohibited by Chapter 9 (commencing with Section 319) or Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal Code, violations of the Gambling Control Act, or dishonesty or moral turpitude, not including convictions which have been expunged or dismissed as provided by law.

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

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

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

(g) The applicant is ineligible based on any other provision of law.

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

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

Section 12225. Cancellation of Registration

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

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

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

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

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

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

Section 12225.1 Transition to Licensing

(a) The Division shall summon persons registered as primary owners, owners, supervisors, players, and other employees for the purpose of applying for licenses under this chapter. The Division shall summon primary owners, owners, supervisors, players, and other employees as expeditiously as possible in light of available program resources. The registration of any registrant that fails or refuses to submit a Request for Conversion of a Gambling Business Registration to a License (CGCC-537, New 06/04))(see section 12233(c) including any fees to the Commission within 30 days of receiving a summons from the Division shall expire by operation of law on the following day. Prior to and during review of a request to convert a registration to a license, a registration shall remain valid and may be renewed by the registrant as necessary, upon application and approval of renewal of registration.

(b) If the registration expires by operation of law, the former registrant shall submit a new request to convert a registration to a license and a new nonrefundable application fee.

(c) The transition from registration to licensing for applications approved prior to April 30, 2004, shall be completed no later than July 1, 2007.

(d) A request to convert a registration to a license shall require only payment of a sum of money that, in the judgment of the Director of the Division, will be adequate to pay the anticipated investigation and processing costs, in accordance with Business and Professions Code section 19867.

(e) If a license is issued, it will expire as provided in Section 12237 (Term of License).

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

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

Section 12226. Badge

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

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

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

Section 12227. Transfers and Sales

~~No individual who is an owner shall in any manner transfer any interest in the gambling business to any person, firm, or corporation not then an owner of an interest therein, and such a transfer shall not become effective for any purpose, until the proposed transferee or transferees have made application for and obtained registration as an owner from the Commission. Applications for a transfer of the interest shall be made by the transferee applying for registration under this regulation. Evidence of the transferor's agreement to transfer the interest shall accompany the application for registration.~~

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

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

Section 12228. Inspections

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

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

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

Section 12229. Compliance

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

~~(b) No more than one registrant of a single gambling business shall simultaneously play at a table.~~

~~(c) Registrants shall comply with game rules approved by the Division regarding player-dealer rotation and table wagering. No registrant shall be~~

~~accorded any preference by the house over any other player. For purposes of this subsection, "preference" means and is limited to both of the following if sanctioned by house rule or otherwise directed by the house or its employees:~~

~~(1) Any priority in the continuous and systematic rotation of the deal, as required by Penal Code section 330.11, such that a registrant becomes entitled by reason of the priority to occupy the player-dealer position more often than other players.~~

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

~~(d) No gambling business in which the house has any financial interest may play in the house.~~

~~(e) No registrant may play in any a gambling establishment for which the registrant holds a state gambling license, key employee license, or work permit.~~

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

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

Section 12230. Revocation

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

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

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

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

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

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

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

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

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

~~(i) The primary owner or any other owner knew, or failed to implement reasonable oversight procedures that would have apprised the owner, that one or more of the employees or independent contractors of the gambling~~

~~business was in violation of one or more provisions of this chapter or of the Gambling Control Act and failed or refused to take action to prevent the recurrence of the violation or violations.~~

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

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

Section 12231. Emergency Orders

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

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

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

Section 12232. Exclusion

~~(a) In order to promote the purposes of the Gambling Control Act to provide for effective regulation of gambling enterprises, owner-licensees of gambling establishments shall notify the Commission and Division of, and may exclude from the gambling establishment, any person that the owner-licensee reasonably believes is conducting a gambling business within the gambling establishment without having been registered under this chapter. An owner-licensee acting under this section shall notify the Commission and Division in writing of any such unregistered person and any such exclusion, including the identity of the excluded individuals and entity if known, within 10 business days following the exclusion. Upon receiving such notice of an~~

~~unregistered person, the Commission shall notify the person in writing of the registration requirement of this chapter and shall notify all owner-licensees of the name of the unregistered person, if known and may condition any subsequent registration of the person under this chapter or Chapter 2.1 of this title upon a 60 to 90 day suspension of registration or payment of a civil fine penalty under Business and Professions Code section 19930(c), or both.~~

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

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

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

ARTICLE 3. LICENSING

Section 12233. Request to Convert Registration to License

(a) A request to convert a registration to a license shall be submitted *to the Commission* only in response to a written summons from the Division to a primary owner pursuant to Section 12220.25*12225.1*. Each primary owner's request shall be accompanied by the requests of all affiliated owners, supervisors, players, and other employees.

(b) The request to convert a registration to a license shall designate whether the license is requested as a primary owner, other owner, supervisor, player, or other employee. The request shall be signed by the individual requester or,

if the requester is a business entity, by the chief executive officer or other designated officer of the business entity.

(c) The request to convert a registration to a license shall include all of the following:

(1) A completed Request for Conversion of a Gambling Business Registration to a License (CGCC-537, New 06/04), which is hereby incorporated by reference.

(2) Two (2) two-by-two inch *2x2 inch* color passport-style photographs of a requester that is an individual taken no more than one year before submission of the request to the Commission.

(3) The supplemental information package *as defined in Section 12220*.

(4) A sum of money that, in the judgment of the Director of the Division, will be adequate to pay the anticipated investigation and processing costs, in accordance with Business and Professions Code section 19867.

(5) A copy of the summons issued by the Division.

(d) Nothing in this chapter shall require the Commission or Division to divulge to the requester any confidential information received from any law enforcement agency or any information received from any person with assurances that the information would be maintained as confidential. Nothing in this chapter shall require the Commission or Division to divulge any information that might reveal the identity of any source of information or jeopardize the safety of any person.

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

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

Section 12234 Withdrawal of Request to Convert Registration to License

(a) A request for withdrawal of a request to convert a registration to a license may be made at any time prior to final action upon the request by the Director by the filing of a written request to withdraw with the Commission. For the purposes of this section, final action by the Division means a final determination by the Director regarding his or her recommendation on the request to the Commission.

(b) The Commission shall not grant the request unless the requester has established that withdrawal of the request would be consistent with the public interest and the policies of the Gambling Control Act and this chapter. If a request for withdrawal is denied, the Division may go forward with its investigation and make a recommendation to the Commission upon the request, and the Commission may act upon the request to convert as if no request for withdrawal had been made.

(c) If a request for withdrawal is granted with prejudice, the requester thereafter shall be ineligible to renew its request until the expiration of one *(1)* year from the date of the withdrawal. Unless the Commission otherwise directs, no payment relating to any request is refundable by reason of withdrawal of request.

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

Reference: Sections 19853(a)(3) and 19869, Business and Professions Code

Section 12235 Processing Times--Request to Convert Registration to License

(a) Except as provided in subsection (b), a request to convert a registration to license submitted pursuant to this chapter shall be processed within the following timeframes:

(1) The maximum time within which the Commission shall notify the applicant in writing that a request or a resubmitted request is complete and accepted for initial processing by the Commission, or that a request or a resubmitted requested is deficient and identifying what specific additional information is required, is 20 days after receipt of the request. For the purposes of this section, "request" means the form Request for Conversion of a Gambling Business Registration to a License (CGCC-537, New 06/04), which was incorporated by reference in Section 12233. A request is not complete unless accompanied by (1) *both* a copy of the summons from the Division setting a deadline for filing the request with the Commission and (2) the supplemental information package required by section 12233(c)(3) for review by the Division pursuant to paragraph (3) of this subsection for persons affiliated with the primary owner to whom the summons was addressed. The supplemental information shall not be reviewed for completeness by the Commission.

(2) A request and the supplemental information package shall be forwarded by the Commission to the Division for processing within 10 *ten (10)* days of the date that the Commission determines that the request is complete.

(3) The Division shall review the supplemental information package submitted for completeness and notify the applicant of any deficiencies in the supplemental information package, or that the supplemental information package is complete, within 45 days of the date that the request and supplemental information package are received by the Division from the Commission. Notwithstanding this subsection, subsequent to acceptance of the supplemental information package as complete, the Division may, pursuant to Business and Professions Code section 19866, require the requester to submit additional information.

(4) Pursuant to Business and Professions Code section 19868, the Division shall, to the extent practicable, submit its recommendation to the Commission within 180 days after the date the Division is in receipt of both the completed request pursuant to paragraph (2) of this subsection and the completed supplemental information package pursuant to paragraph (3) of this subsection. If the Division has not concluded its investigation within 180 days, then it shall inform the applicant and the Commission in writing of the status of the investigation and shall also provide the applicant and the Commission with an estimated date on which the investigation may reasonably be expected to be concluded.

(5) The Commission shall grant or deny the request within 120 days after receipt of the final written recommendation of the Division concerning the request, except that the Commission may notify the applicant in writing that additional time, not to exceed 30 days, is needed.

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

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

Section 12236 Ineligibility for Licensing

A requester shall be ineligible for licensing for any of the following causes:

(a) Except for an individual seeking licensing as "other employee," an *An* individual applicant is under the age of 21.

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

(c) The requester has, within the ten *(10)* year period immediately preceding the submission of the request to convert, been convicted of a misdemeanor involving a firearm or other deadly weapon, gaming or gaming-related activities prohibited by Chapter 9 (commencing with Section 319) or Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal Code, violations of the Gambling Control Act, or dishonesty or moral

turpitude*, unless the applicant has been granted relief pursuant to Penal Code section 1203.4, 1203.4a, or 1203.45, provided, however, that the granting of relief pursuant to Penal Code section 1203.4, 1203.4a, or 1203.45 shall not constitute a limitation on the discretion of the Commission*.

(d) If the request to convert is for licensing as an owner, supervisor, or player, the requester has been subject to a final administrative or judicial adjudication revoking a registration or license under this chapter or a state gambling license, key employee license, work permit or finding of suitability or has had an application denied under this chapter or the Gambling Control Act.

(e) The requester has failed to meet the requirements of Business and Professions Code sections 19856 or 19857.

(e)*(f)* The requester would be ineligible for a state gambling license under any of the criteria set forth in Business and Professions Code section 19859, subdivisions (b), (e), or (f), the terms of which are incorporated by reference and hereby expressly made applicable to requests to convert under this chapter.

(f)*(g)* The requester would be ineligible for a state gambling license under Business and Professions Code section 19858, the terms of which are incorporated by reference and hereby expressly made applicable to applications for registration under this chapter.

(g)*(h)* The applicant is ineligible based on any other provision of law.

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

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

Section 12237 Term of License

(a) All initial licenses shall be issued for a period of two *(2)* years.

(b) Due to nonrecurring workload problems associated with the processing of the first round of requests to convert registrations to licenses, all other initial licenses that are granted within three *(3)* years of the effective date of these regulations shall be issued for a period of two *(2)* years.

(c) Beginning July 1, 2007, all *initial and renewal* licenses other than player licenses shall be issued for a period of one *(1)* year, except *for player and other employee licenses* as otherwise provided by a subsequently adopted regulation of the Commission*, which shall be issued for a period of two years.*

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

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