

California Gambling Control Commission

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**MINUTES OF JULY 23, 2014
REGULATION HEARING**

OPEN SESSION

1. Call to Order and Pledge of Allegiance.

Chairman Richard Lopes called the hearing to order at 10:00 a.m., and asked everyone to stand for the Pledge of Allegiance.

2. Roll Call of Commissioners.

Roll Call of Commissioners was taken, with Chairman Richard Lopes and Commissioners Tiffany Conklin, Lauren Hammond and Richard Schuetz present.

3. REGULATION HEARING

A. Receipt and Consideration of Public Comments Concerning Regulations Addressing Accounting and Financial Reporting Requirements for Gambling Enterprises, Third-Party Providers of Proposition Player Services, and Gambling Businesses. (Proposed Amendment of Title 4, California Code of Regulations, Sections 12002; Proposed Adoption of Title 4, California Code of Regulations, Sections 12003, 12311, 12312, 12313, 12315, and 12316; Proposed Repeal of Sections 12400, 12401, 12402, 12403, 12404, 12405, 12406, and 12410.)

- General Definitions (§ 12002)
- General Requirements (§ 12003)
- Definitions (§ 12311)
- Record Retention and Maintenance; General Provisions (§ 12312)
- Financial Statements and Reporting Requirements (§ 12313)
- Records and Reports of Monetary Instrument Transactions for Gambling Enterprises (§ 12315)
- Unclaimed or Abandoned Property (§ 12316)

This item was opened for public comment, pursuant to Government Code section 11346.8 (a), and the attendees were afforded an opportunity to present comments, both orally and in writing, concerning the proposed regulations.

Comments Received From:

Misty Trejo, Department of Justice, Bureau of Gambling Control
David Fried, California Grand Casino and Oaks Card Club
Frances Asuncion, Department of Justice, Bureau of Gambling Control
Tony York, Department of Justice, Bureau of Gambling Control

During the ensuing public comment portion of the agenda, the Commissioners considered recommended changes to the text of the proposed action offered by the public.

As a result of the discussion, the Commission accepted changes to the proposed text published May 2, 2014, as follows:

- Subsection (h) of Section 12002 was modified to read:
“(h) ‘Drop’ means the total amount of compensation collected from patrons or TPPPS companies by a gambling enterprise to play in controlled games, not including tournament fees and jackpot collections.”
- Subsection (k) of Section 12002 was modified to read:
“(k) ‘Gambling business’ means a ~~business entity~~ person that ~~engages the services of employees, independent contractors, or both to participate in the play of any controlled game that has a rotating player-dealer position in a gambling establishment~~ is registered or licensed in accordance with Chapter 2.2 of this division. ‘Gambling business’ does not include the provision of proposition player services.”
- Subsection (r) of Section 12002 was modified to read:
“(r) ‘Third-party providers of proposition player services’ or ‘TPPPS’ or ‘TPPPS company’ means a ~~business entity~~ person that is licensed or registered in accordance with Chapter 2.1 of this division ~~which may contract to provide proposition player services to a gambling enterprise in any controlled game that has a rotating player-dealer position, pursuant to Business and Professions Code section 19984.~~”
- Subsections (b) and (c) of Section 12315 were modified to read:
“(b) ~~A gambling enterprise shall comply with sections 5313 and 5314 of Title 31 of the United States Code and with Chapter X of Title 31 of the Code of Federal Regulations, and any successor provisions.~~
(c) ~~A gambling enterprise, regardless of gross revenue, shall make and keep on file at the gambling establishment a report of each transaction in currency ~~in excess of \$10,000~~, in accordance with sections 5313 and 5314 of Title 31 of the United States Code and with Chapter X of Title 31 of the Code of Federal~~

Regulations, and any successor provisions. These reports shall be available for inspection at any time as requested by the Bureau. ~~These reports shall include, but not be limited to:~~

- ~~(1) Patron's name;~~
- ~~(2) Patron's address;~~
- ~~(3) Patron's identification;~~
- ~~(4) Amount of transaction;~~
- ~~(5) Type of transaction; and~~
- ~~(6) Date of transaction.”~~

RULEMAKING PUBLIC COMMENT PERIOD WAS CLOSED.

- B. Consideration of Final Adoption of, and Approval for Filing with the Office of Administrative Law, Regulations Concerning Accounting and Financial Reporting Requirements for Gambling Enterprises, Third-Party Providers of Proposition Player Services, and Gambling Businesses. (Proposed Amendment of Title 4, California Code of Regulations, Sections 12002; Proposed Adoption of Title 4, California Code of Regulations, Sections 12003, 12311, 12312, 12313, 12315, and 12316; Proposed Repeal of Sections 12400, 12401, 12402, 12403, 12404, 12405, 12406, and 12410.)

All public comment periods mandated under the rulemaking provisions of the Administrative Procedure Act (APA) having ended, the Commission proceeded with deliberations on the final adoption of the proposed regulations.

During their deliberations, the Commissioners considered staff's recommended changes to the proposed text that respond to many of the written comments received during the 45-day written comment period that ended June 16, 2014. Those recommended modifications were as follows:

- Modify subsection (g) of Section 12002 to read:
“(g) ‘Dealer's bank’ means the total amount of any and all monies a dealer has on deposit with the gambling enterprise or is assigned from the cage bank for chip trays.”
- Modify subsection (h) of Section 12002 to read:
“(h) ‘Drop’ means the total amount of compensation collected any and all player collection fees received from patrons or TPPPS companies by a gambling enterprise to play in controlled games, not including tournament fees or payments under approved contracts for Third-Party Proposition Player Services.”

- Modify subsection (m) of Section 12002 to read:
“~~(m) ‘Jackpot’ means a gaming activity appended to the play of a controlled game in a gambling establishment in which a~~ where the prize is awarded based on specified criteria occurring in the play of a controlled game.”
- Modify subsection (o) of Section 12002 to read:
“~~(o) ‘Player’s bank’ means the total amount of~~ any and all monies a patron or a TPPPS company has on deposit with the gambling enterprise.”
- Modify paragraph (4) of subsection (c) of Section 12312 to read:
“~~(4) Records, separated by gaming activity, of all jackpot monies contributed by the gambling enterprise, jackpot monies collected from patrons, and monies withdrawn for either jackpot administrative fees or payment to patrons.~~”

Staff Recommendation:

Staff recommended that the Commission, after considering all of the comments received, both written and oral, approve staff’s recommended modifications to the proposed text published May 2, 2014, with the modifications agreed to during the public comment portion of the agenda, and initiation of a 15-day written comment period, pursuant to Government Code section 11346.8(c), with final adoption to be considered after receipt of any 15-day written comments.

Action:

Commissioner Hammond moved to approve staff’s recommended modifications to the proposed text published May 2, 2014, as well as the modifications to the proposed text agreed to during the public comment portion of the agenda, and initiation of a 15-day written comment period, pursuant to Government Code section 11346.8(c), with final adoption to be considered after receipt of any 15-day written comments. The motion was seconded by Commissioner Conklin and unanimously passed on a roll call vote with Chairman Lopes and Commissioners Conklin, Hammond and Schuetz voting yes.

PUBLIC COMMENT

None

ADJOURNMENT

Chairman Lopes adjourned the hearing at 11:03 a.m.