

California Gambling Control Commission

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**MINUTES OF JANUARY 29, 2015
REGULATIONS WORKSHOP**

OPEN SESSION

1. Call to Order and Pledge of Allegiance.

Chairman Richard Lopes called the workshop 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 Lauren Hammond, Tiffany Conklin and Richard Schuetz present.

3. Consideration of Approval to Commence the Formal Rulemaking Process for Regulations Concerning Playing Books for Third-Party Providers of Proposition Player Services (TPPPS) and Gambling Businesses. (Amend Title 4, CCR, Sections 12200 and 12220; Repeal Title 4, CCR, Sections 12200.13 and 12220.13; and Adopt Title 4, CCR, Sections 12XX0, 12XX1, 12XX3, 12XX5, 12XX7, and 12XX9)

- Definitions (§ 12200)
- Definitions (§ 12220)
- Definitions (§ 12XX0)
- General Provisions (§ 12XX1)
- Approval of Playing Book Forms (§ 12XX3)
- Electronic Playing Book Device Requirements (§ 12XX5)
- Electronic Playing Book Database Requirements (§ 12XX7)
- Approval of Electronic Playing Book Systems (§ 12XX9)

Staff recommended that the Commission **approve** initiation of the formal rulemaking process for proposed amendment and adoption of regulations relating to playing books, as provided in the proposed regulation text draft dated December 16, 2014.

Written comments were received prior to the workshop from Tracey Buck-Walsh, representing PT Gaming LLC, and Stacey Luna-Baxter, representing the Department of Justice, Bureau of Gambling Control (Bureau).

During the ensuing discussion, oral comments were received from:

- Stacey Luna-Baxter, Bureau
- Yolanda Morrow, Bureau
- Tracey Buck-Walsh, PT Gaming LLC
- David Tierney, PT Gaming LLC
- David Schindle, PT Gaming LLC
- Keith Sharp, Hawaiian Gardens

During the discussions, the Commissioners considered staff's December 16, 2014 proposed regulations text draft. As a result of the discussion and additional comments at this workshop, the Commission accepted changes to December 16 text draft, as follows:

Section 12XX0. Definitions

Accept ALTERNATIVE 1 defining "independent gaming test laboratory" as either a laboratory that is registered or licensed in any United States jurisdiction to test gambling equipment, systems, and software; and, is also accredited by a signatory to a peer evaluation agreement recognized by the software testing industry; or is a gaming test laboratory operated by a state governmental gaming regulatory agency.

Section 12XX1. General Provisions

Retain the requirement in paragraph (11) of subsection (e), for the person who prepared the form to sign it under penalty of perjury and a TPPPS supervisor to cosign. Include an allowance for a cage receipt to be substituted for the supervisor's signature in instances where a supervisor is not present to cosign.

Reject Option 1a and substitute language stating that playing book information shall be provided to the Bureau upon request. This also eliminates Option 1b in Section 12XX7.

Add a new subsection (g) to require that all IT technicians be registered or licensed as other employees under Chapter 2.1.or 2.2, as applicable, any apply this requirement to subcontractors and independent contractors who are authorized to perform IT technician duties.

Section 12XX5. Electronic Playing Book Device Requirements

In paragraph (2) of subsection (c), increase the time increment required for information entered into the playing book device to be automatically synched to the database to 60 seconds or less.

Section 12XX9. Approval of Electronic Playing Book Systems.

Change paragraph (4) of subsection (a) to require submission of a written summary of the design and operation of the playing book system, together with one or more of the following:

- A video of the system in operation;
- A prototype device with written instructions and necessary access to the system; or,
- A live demonstration of the system in operation.

During the discussions, Deputy Director Anna Carr explained that once the proposed text of the regulations has been completed and an Initial Statement of Reasons prepared, those documents will be sent to the Bureau with a request for an estimate of the expected fiscal Impact of the regulations on the Bureau. The Bureau's fiscal impact estimate is needed to complete the Economic and Fiscal Impact Statement form (STD 399) which is required to be submitted to the Department of Finance at least 30 days prior to publication of a Notice of Proposed Action in the *California Regulatory Notice Register*.

Action:

Chairman Lopes moved to approve staff's recommendation to commence the formal Administrative Procedure Act Rulemaking Process for proposed regulations relating to the playing books for TPPPS and gambling businesses, with the noted changes to the December 16, 2014 text draft. The motion was seconded by Commissioner Schuetz and unanimously passed on a roll call vote with Chairman Lopes and Commissioners Hammond, Conklin and Schuetz voting yes.

RECESS

Chairman Lopes called a recess to the workshop at 11:58 a.m.

RECONVENE

Chairman Lopes called the workshop to order at 1:30 p.m. All Commissioners were again present.

4. Consideration of Approval to Commence the Formal Rulemaking Process for Regulations Concerning Approval of Transactions and Enforcement of Security Interests for Gambling Enterprises, Third-Party Providers of Proposition Player Services (TPPPS), and Gambling Businesses. (Adopt Title 4, CCR, Sections 12321, 12322, 12323, 12324, 12325, 12326, 12327, 12329, and 12330)

- General Provisions (§ 12321)
- Required Terms (§12322)
- Required License or Registration Maintenance (§12323)
- Processing Requests for Transaction Approval (§12324)
- Transaction Formal Approval Processing Times (§12325)
- Transaction Amendments or Subsequent Assignments (§12326)
- Annual Transactions Report (§12327)
- Shelf Approval (§12329)
- Compliant Transactions Deemed Lawful (§12330)

Staff recommended that the Commission **approve** initiation of the formal rulemaking process for proposed amendment and adoption of regulations relating to playing books, as provided in the proposed regulation text draft dated December 3, 2014.

Written comments were received prior to the workshop from Alan Titus, representing Artichoke Joe's, Stacey Luna-Baxter, representing the Bureau, David Fried, representing Oaks Card Club and California Grand Casino, and Mark Kelegian, representing Oceans 11 Casino.

During the ensuing discussion, oral comments were received from:

- Stacey Luna-Baxter, Bureau
- Yolanda Morrow, Bureau
- Alan Titus, Artichoke Joe's
- David Fried, Oaks Card Club and California Grand Casino
- Keith Sharp, Hawaiian Gardens
- William Torngren, Department of Justice, Indian and Gaming Law Section (IGLS)
- Susanne George, Bureau

During the discussions, the Commissioners considered staff's December 3, 2014 proposed regulations text draft.

Action:

Commissioner Hammond moved to approve staff's recommendation to commence the formal Administrative Procedure Act Rulemaking Process for proposed regulations relating to approval of transactions and enforcement of security interests for gambling enterprises, TPPPS and gambling businesses. The motion was seconded by Commissioner Conklin. The motion failed on a roll call vote with Commissioners Hammond and Conklin voting yes, Commissioner Schuetz voting no, and Chairman Lopes abstaining.

The motion having failed, it was the direction of the Chair that staff revise the proposed regulations to address the issues raised during the preceding discussion.

PUBLIC COMMENT

None

ADJOURNMENT

Chairman Lopes adjourned the workshop at 3:57 p.m.