

GAMING POLICY ADVISORY COMMITTEE

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MINUTES OF APRIL 6, 2017 GAMING POLICY ADVISORY COMMITTEE MEETING

OPEN SESSION

1. Call to Order and Welcome – Stacey Luna Baxter, Executive Director

Executive Director Stacey Luna Baxter called the April 6, 2017, meeting of the Gaming Policy Advisory Committee (GPAC), to order at 1:30 p.m. She announced that the GPAC meeting was being lived streamed via the Commission's website.

2. Roll Call of GPAC Members

Roll call of the Committee Members was taken. Robert Jacobson, Haig Kelegian, Jr., William Liu, Darrell Miers, Yolanda Morrow, Troy Murphy, Keith Sharp, and Art Van Loon were present. Joy Harn was absent. Tom Hallinan arrived to the meeting as noted below.

3. Approval of Meeting Minutes from January 26, 2017

Keith Sharp moved to approve the January 26, 2017 meeting minutes. Art Van Loon seconded the motion and by consensus the Committee Members approved the minutes.

4. Review of Contact Listing

Stacey Luna Baxter provided GPAC members with a list containing contact information for each member.

Tom Hallinan arrived at the meeting at 1:40 p.m.

5. Review and Discussion of Proposed Text and Description for Advertising Regulations

Specialist Nina Tantraphon with the Commission's Legislative and Regulatory Affairs Division presented GPAC with a draft of proposed regulations on advertising. Below is a summary of sections in the proposed regulations that were discussed at the meeting.

Robert Jacobson provided written comments concerning the proposed regulations that are included in the minutes at Attachment A.

Section 12070. General Requirements

Subsection (a)(2) - Both Keith Sharp and Tom Hallinan commented that they thought this section was too broad.

Subsection (b) - Third Party Provider Services

Haig Kelegian, Jr. requested that this section include language that states “unless it’s included in the TPPP contract.”

Section 12072. Advertising Content

Subsection (a)(1) - Keith Sharp asked for more flexibility with the statement requirement “Must be 21 or older to Play.”

Subsection (a)(2) - Keith Sharp asked for more clarification of what is required in stating the gambling establishment location.

Option 2

Keith Sharp indicated that he thought Option 2 was the better option however; he stated that it should be revised with respect to the “California style” requirement. He also suggested defining “California Game.”

Subsection (a)(5)(B) - Concerns were raised by several GPAC members about having to verify that each intended recipient of direct advertisement is 21 year of age or older.

The Commission’s Chief Counsel, Todd Vlaanderen, suggested providing some safe harbors in the regulation as a solution.

Subsection (c)(2) - Concerns were raised that the standard in this section was too subjective.

Subsection (c)(3) - Concerns were raised that this section does not provide enough guidance and is too subjective. One suggested alternative was to have categories based on the amount of surface area of the advertisement.

Section 12074. Disapproval of Advertising

Subsection (a) – Keith Sharp asked for an appeal process for notices of disapproval.

Subsection (b) – Haig Kelegian, Jr. expressed concerns that this section seemed too severe in that a violation of this article could be considered in determining license suitability.

Keith Sharp, Haig Kelegian, Jr. and Art Van Loon all indicated that they would

appreciate some guidance for the cardrooms on best practices for advertising.

Stacey Luna Baxter indicated that Item 7.A. would be taken out of order and that the Live Stream would be paused during this portion of the GPAC meeting, at the request of the Bureau of Gambling Control (BGC).

7. Update and Discussion of Current Projects

A. Surveillance Requirements for Video Clarity and Format (Sub-Committee Member: Darrell Miers and Troy Murphy)

Special Agent Micah Scott, BGC, presented video surveillance recordings from various cardrooms to demonstrate the varying quality and capabilities of systems being used in the industry. Mr. Scott indicated that the BGC's biggest issues have to do with camera placement, video quality, and video retention capabilities.

Troy Murphy and Darrell Miers indicated that they will be working on drafting language for proposed regulatory changes concerning surveillance requirements. Mr. Murphy indicated that they hoped to have some draft language ready for GPAC's review for the next GPAC meeting.

6. New Projects:

A. GPAC Outreach

- Discussion of Project Scope
- Request for Sub-Committee(s)

Stacey Luna Baxter proposed the GPAC Outreach project as a means of getting information to the industry. Art Van Loon and Tom Hallinan volunteered to co-chair the project.

B. Regulatory Clean-Up

- Discussion of Project Scope
- Request for Sub-Committee

Stacey Luna Baxter indicated that the Regulatory Clean-Up project was recommended by Joy Harn; and since she was not present at the meeting the item was tabled.

C. Third-Party Proposition Player Provider Annual Fees

- Discussion of Project Scope
- Request for Sub-Committee

Yolanda Morrow explained that the Third-Party Player Provider (TPPP) Annual Fees project concerned the methodology by which the TPPP fees were assessed and whether it was possible to provide a refund or some sort of equivalent when TPPP companies lost contracts and no longer employed as many players. Ms. Morrow also mentioned that there are no refunds for amounts paid and she was told the BGC does not have a mechanism for issuing refunds.

Lisa Wardall and Brian Gilleland from the BGC's Third Party Provider Unit attended the meeting to answer any questions.

After significant discussion of the GPAC members on possible alternatives to the current annual fee methodology and determining that further discussions needed to be held between the Bureau and the Commission, it was decided to not identify this as a GPAC project at this time.

7. Update and Discussion of Current Projects

B. Review of the Licensing Structure (Sub-Committee Members: Haig Kelegian, Jr. & Yolanda Morrow)

Yolanda Morrow indicated that the sub-committee had nothing to report.

C. Delegating Additional Authority to the Executive Director and/or Bureau (Sub-Committee Member: Keith Sharp and Art Van Loon)

Keith Sharp and Art Van Loon provided GPAC a "wish list" of items that they thought could possibly be delegated to the Executive Director. The list is included with the minutes as Attachment B.

Stacey Luna Baxter indicated that Commission staff would review the list and provide feedback to the GPAC members.

8. Discussion of Future Agenda Items

No discussions.

9. Next Meeting

It was decided that the next GPAC meeting would be scheduled on May 25, 2017 at 1:30 p.m.

10. Public Comment

None.

Adjournment

The meeting adjourned at 3:50 p.m.

Proposed Regulatory Action on Advertising
March 23, 2017 Comment from Robert Jacobson, Executive Director, California Council
on Problem Gambling

1. Page 1, line 26 AND Page 1, line 30 the word 'which' can be deleted from both statements.
 - a. *Reason: the quotation marks around "Direct Advertisement" and "Promotional items" already clearly define the target of the sentence.*
2. Page 1, line 27 the words "a specific" should be deleted and replace with "an", with (s) and (es) added after individual or business, so that the sentence reads "[...] distributed to an individual(s) or business(es)."
 - a. *Reason: the word "specific" is too "specific" – for example, if John and Jane Doe are both registered players at a card room, living at the same address, the card room could send the advertisement to both, such as "To Mr. and Mrs. Doe" and it is no longer "a specific individual"*
3. Page 1, lines 30/31, "the name or logo of a gambling establishment" should also incorporate a statement to the effect of "or names by which the gaming establishment is otherwise commonly known."
 - a. *Reason: basically, this covers nicknames*
4. Page 3, lines 16-18 and 20-23. When taken together, the use of "primary owner of a [TPPPS]" could infer that a secondary owner, manager, or etc. of the TPPPS may be permitted to, or at least is not prohibited from, "creating, purchasing or placing any advertisement" – which, if it's in violation of the regulation, would then trigger penalties on the gambling establishment itself, regardless of whether they condoned or sanctioned such advertisement.
5. Page 3, line 22, add "distribute" before or after "place"
6. Page 5, line 21 "normal, unaided vision" – **a question here to which I do not know the answer:** is "normal, unaided vision" defined in a code or regulation? Otherwise, does "normal" need to be better defined?
7. Page 6, line 1: "a reasonable time" – is it worth considering a "not to exceed" statement here, i.e. "not to exceed 30 days"
 - a. *Reason: This gives a guideline and sets a frame of reference, without restricting the Bureau's ability to set a **shorter** time for the deficiency to be corrected.*

DELEGATING AUTHORITY TO EXECUTIVE DIRECTOR OR BUREAU

- Additional Permanent Tables Approval.
- Approval of Loan Documents issued by defined "financial institutions" and containing the standard addendum.
19852 (i)
19900
- Key Employee Renewals where no significant change in circumstances.
- Approval of temporary license for current owners of a gambling establishment who seek ownership in another gambling establishment.
- Granting of temporary or permanent Interim Licenses for Continued Operation Following Qualifying Events.