



INDUSTRY MATTERS

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January 2015

TO ERR IS HUMAN, TO COME CLEAN IS DIVINE...

FROM: Commissioner Tiffany Conklin



As you will see throughout this quarter's newsletter, 2014 was a busy year for the Commission. In addition to the regularly scheduled bi-weekly meetings where the Commission considers and takes action on licensing matters, the Commission has been very active in promoting eight separate regu-

lation packages on issues ranging from responsible gaming to electronic playing books. What the general public may not be aware of is that the Commission has also held and deliberated on an unprecedented number of evidentiary hearings to determine the suitability of applicants for licensure. A matter is referred to an evidentiary hearing for a number of reasons but most frequently, and most avoidably, when the Commissioners feel they just aren't getting the true story from an applicant. An evidentiary hearing allows for the formal taking of evidence. The applicant may or may not have an attorney present, the Bureau

of Gambling Control is represented by an attorney from the Indian Gaming Law Section and a court reporter is retained to record all testimony which is taken under oath. In short, it's a lot of work for everyone involved. The Gambling Control Act does not state that only perfect people can be licensed to work in this industry. It does state, however, rather specifically in Section 19857 that "no gambling license shall be issued unless, based on all of the information and documents submitted, the commission is satisfied that the applicant is...(a) A person of good character, honesty, and integrity". As Commissioners, we take this section seriously. (Continued page 2)

Inside this issue:

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The Commission was represented at seminars, meetings and events at one of the biggest gatherings in the industry—the annual GZE (more on page 3)

WHAT'S NEW—2015 LAWS AND REGS

Here are some of the new laws impacting the industry in 2015.

AB 2763 Makes conforming changes related to the Governor's Reorganization Plan No. 2 of 2012 (GRP No. 2). As it relates to the Commission, the bill amends Business and Professions Code section 19869 to require a request for withdrawal of any application to be filed with the Department of Justice (Bureau of Gambling Control), instead of the Commission. Effective date: January 1, 2015.

AB 1439 (Salas, Chapter 592, Statutes of 2014)Unfair business practices: contests and sweepstakes. Closes a loophole that allowed Internet gambling sweepstakes to operate in Internet cafés. Effective date: January 1, 2015.

(Continued on back page)

Calendar

Upcoming Commission Meetings

- Thursday, January 22, 2015
Tuesday, February 10, 2015
Wednesday, February 25, 2015
Thursday, March 12, 2015
Thursday, March 26, 2015

Regulation Workshops- Thursday, January 29, 2015 10am & 1:30pm

State Holidays-Office Closed January 19 - MLK Jr. Day February 16 - Presidents' Day March 31 - Cesar Chavez Day

Industry events on last page.

Commissioner Conklin—continued from page 1

We recognize that no one makes it through life without some mistakes, even mistakes involving law enforcement. To be suitable for licensure in this industry, however, we require all our applicants and licensees be honest regarding the circumstances of those mistakes and show us that it truly was an unfortunate occurrence in an otherwise life well-lived. On behalf of the entire Commission, we wish you a healthy and productive 2015.

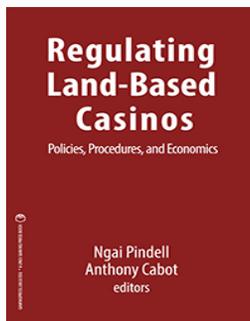
## AUTHOR, AUTHOR

Hot off the presses: a new book called *Regulating Land based Casinos*. The book is a joint project, created by some of the best and brightest in the industry, including Commission Chairman Rick Lopes who wrote: Chapter 16 – Investigation of Industry Participants, and Commissioner Richard Schuetz, Chapter 5 – The Economics of Gambling Regulation.

*The paperback book (600 pages) retails for about \$33 on Amazon.*

*"Regulating Land-Based Casinos: Policies, Procedures and Economics" by Anthony Cabot, Ngai Pindell.*

*Publisher: UNLV Gaming Press (August 19, 2014)*



## INDUSTRY MATTERS

### The Annual CGA Gathering

Chairman Lopes and Commissioner Hammond were among those attending the annual meeting of the California Gambling Association on November 3, 2014 in Palm Springs.



Above—Chairman Lopes greets the Association. Right—Association President Kyle Kirkland, Bottom left—Association members.



### He said, she said...

Not sure what happened at a Commission meeting? There are audio recordings and (approved) minutes from previous meetings posted in the "meetings" section of the Commission's Webpage. You can also search for information by typing search words in the Google box in the upper right corner of the Commission's Webpage.

## CAN I OPEN A NEW CARDROOM?

A commonly-asked question of the Commission is "Can I open a new cardroom?" In short, you cannot. At least, not at the moment.

A moratorium on the expansion of cardroom gambling, pursuant to Business and Professions Code 19962, and a moratorium on the issuance of additional State Gambling Licenses, pursuant to Business and Professions Code section 19963, have been in place since the Gambling Control Act was chaptered in 1997. The moratorium on cardroom gambling expansion and new licenses was initially set to expire in 2001. Subsequent legislation extended the moratorium to 2003, 2007, 2010, 2015, and 2020.

The moratorium on cardrooms in California is currently in effect until January 1, 2020. In general, this moratorium prohibits any local jurisdiction, or its voters, from: (1) authorizing gaming that was not authorized prior to January 1, 1996, or (2) amending a local gambling ordinance to expand cardroom gambling beyond what was authorized on January 1, 1996 or under a subsequent local gambling ordinance adopted in accordance with the Gambling Control Act. Limited exceptions have been authorized to allow increases in the number of gambling tables. However, the moratorium does not prohibit prospective investors from buying into an existing cardroom. While the Commission does not have a list of cardrooms that are for sale or looking to expand their ownership group, the Commission does list the existing licensed cardrooms in California on our website at [www.cgcc.ca.gov](http://www.cgcc.ca.gov). This listing can be used as a starting point for potential investors.

International Association of Gaming Regulators (IAGR)—Annual Conference, Philadelphia, USA October 27-29, 2014



Left: Commissioner Schuetz with Dave Rebeck, New Jersey Division of Gaming Enforcement, Susan Hensel, Pennsylvania Gaming Control Board & George Rover, New Jersey Gaming Enforcement.



Gaming Law Conference, sponsored by the William S. Boyd School of Law at the University of Nevada, Las Vegas September 3-5, 2014. The participants included: Chairman Lopes, Commissioner Schuetz, and Executive Director Littleton.

The Commission was actively represented at the **2014 Global Gaming Expo (G2E)**.

The first seminar of the conference: "State of the Industry: The Changing IGaming Landscape in the U.S." is pictured below.

*Seated: Commissioner Lauren Hammond; John Connelly, Bally; Dana Takrudtong, Game Account Network; and William Pasqual, New Jersey Gaming Lawyer. (Not shown: Moderator Lloyd Levenson.)*



*Right: Executive Director Tina Littleton with Artist Joe Castillo.*

### G2E by the Numbers

Industry experts call it the largest gathering of gaming professionals in the world. It ran from September 29 to October 2, 2014 at the Sands Expo in Las Vegas where it attracted, displayed, and hosted:

- 25,000 attendees**
- 86 seminars**
- 208 new products**
- 499 exhibits**

### **New to the Bureau**

The Bureau of Gambling Control has two new management appointments: Lisa Wardall is new to the Bureau and is the new Department of Justice Administrator II over Tribal, Remote Caller Bingo, and Intake Licensing; and Tyler Burtis, was promoted to the Southern California Special Agent in Charge.



## **PROPOSITION 48—WHAT NEXT?**

On November 14, 2014, California voters considered Proposition 48, which would have approved gaming compacts between the State of California and the North Fork Rancheria of Mono Indians and the Wiyot Tribe. The measure was defeated by a vote of 61% in opposition and 39% in favor.

Per the State of California's Legislative Analyst's Office, had Proposition 48 passed, North Fork would have been able to build and operate a casino with up to 2,000 slot machines on the land that was accepted into federal trust for gaming. The casino would have been located west of State Highway 99 in Madera County, off reservation lands. North Fork would have been required to make various payments to state and local governments, Wiyot, and other tribes. However, North Fork *may* build a Class 2 facility, which can offer bingo, electronic bingo, and card games not banked by the house.

An effect of the measure's defeat is that the Wiyot Tribe is now free to negotiate a new compact with the State of California to allow gaming on their tribal lands. Previously, the Wiyot could not build a casino on their lands due to possible environmental impacts to the nearby Humboldt Bay National Wildlife Refuge. Proposition 48 would have continued the compact's moratorium on a casino on Wiyot lands, but the Wiyot would have received between 2.5%-3.5% of the annual slot machine net revenue from the proposed North Fork casino.

## **LEGAL POINT— RESPONSIBILITY OR COURTESY ?**

The legal process for licensing and permitting does not stop when an applicant separates from an employer.

There will likely be pending action scheduled at a Commission meeting or an Administrative Hearing that will continue after the separation.

When an applicant fails to participate in the licensing or hearing process after

employment separation, it may result in a revocation or denial decision.

The applicant or employee may not be aware of how a revocation or denial decision could impact their future in gaming or other industries.



Employers and Designated Agents are encouraged to advise separating em-

ployees to remain engaged in Commission processes and investigate all procedural avenues.

Designated Agents for the separated employee are also advised that they remain a Designated Agent for the employee with all the expected obligations and requirements until they are no longer the Designated Agent on file with the Bureau for the employee, having properly notified the Bureau and the employee.

## CALIFORNIA GAMBLING CONTROL COMMISSION

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Comments, suggestions, questions or ideas for future articles or newsletter topics are always accepted and can be submitted directly to the Commission at the address above or by emailing them to [pmares@cgcc.ca.gov](mailto:pmares@cgcc.ca.gov).

## WILL ONLINE POKER COME TO CALIFORNIA THIS YEAR?

There has been much speculation about the legalization of online poker in California. The legislative activity got an early start on December 1, 2014 with the introduction of AB 9 by Assemblyman Mike Gatto (D). The bill may get its first hearing in January. A gambling bill would usually start in the (Assembly) Governmental Organization Committee. Many elements could change as the bill runs its course at the State Capitol. Assemblyman Reggie Jones-Sawyer has indicated that he plans to introduce his own revamped online poker legislation early in the new session.

### 2015 New Laws and Regulations - Continued from front page

**AB 1916** (Hall, Chapter 600, Statutes of 2014) Tribal Gaming. Creates the Tribal Nation Grant Fund in the State Treasury, to be administered by the Commission, for the receipt and deposit of moneys received by the state from Indian tribes pursuant to the terms of tribal-state gaming compacts. Effective date: January 1, 2015.

**SB 1224** (Correa, Chapter 300, Statutes of 2014) Tribal gaming: compact ratification. Ratifies the tribal-state gaming compact entered into between the State of California and the Karuk Tribe, executed on December 4, 2013. Effective date: August 29, 2015. *Note: This Compact was approved by the United States Secretary of the Interior and published in the Federal Register on November 19, 2014.*

**SB 1356** (De León, Chapter 314, Statutes of 2014) Tribal gaming: compact ratification. Ratifies the Amended and Restated tribal-state gaming compact entered into between the State of California and the Viejas Band of Kumeyaay Indians, executed on August 12, 2014. Effective date: September 9, 2014. *Note: This Compact was approved by the United States Secretary of the Interior and published in the Federal Register on December 5, 2014.*

"Cross Border Regulation and Harmonization," International Masters of Gaming Law (IMGL) Masterclass, KPMG Gaming Summit (Isle of Man).



(Left to right) Steve Brennan, Isle of Man Gambling Commission; Brigitte Sand, Danish Gambling Authority; CA Commissioner Schuetz; Jenny Williams, UK Gambling Commission; Joerg Hofmann, Melters Law (Germany) and President of IMGL

### Upcoming Industry Related Events

**ICE Total Gaming**, London, Feb. 3-5, 2015.

**Western Indian Gaming Conference** (CNIGA) Harrah's Rincon, Feb. 10-12, 2015.

**Gaming Law Minefield**, Henderson, Nevada, Feb. 12-13, 2015.

**iGaming Symposium**, Sacramento Sheraton, Feb. 26, 2015.