

# INDUSTRY MATTERS

Volume 10, Issue 3  
July 2023

## STARTING THE APPLICATION PROCESS? INVESTIGATE YOURSELF, IT HELPS!

When an applicant starts the application process for their gaming license, the first step is filling out an application and sending it to the Department of Justice, Bureau of Gambling Control (Bureau). From there, the Bureau conducts a background investigation into the applicant’s financial and criminal history, and provides a recommendation to the Commission regarding the applicant’s suitability for licensure. The Commission will then consider the application at a public meeting.

The Bureau’s investigation can sometimes produce information that an applicant was not aware of, or had inaccurately disclosed on their application. When the Commission sees discrepancies between the application and the investigation report, it calls into question if the applicant deliberately withheld or mischaracterized important information, which may ultimately be the difference between being approved for or denied licensure.

Applicants are encouraged to do their own investigation into their criminal and financial background, in order to have their official documentation ready to refer to when they complete their application.

Applicants can obtain their criminal record through the California Department of Justice by going to its [website](#) and following the instructions for submitting Live Scan fingerprints and a Record Review request form.

The criminal record will show important information that may need to be disclosed on the application, such as if an incident resulted in a traffic citation, misdemeanor, or felony conviction.

As for financial records, the federal FACT Act entitles applicants to obtain one free copy of their applicable consumer report from certain consumer reporting agencies during a 12-month period. Applicants may also want to look into obtaining a Consumer Disclosure Report from an agency like LexisNexis, which has information such as lien, judgment, and bankruptcy records, which may need to be disclosed on the application.

With these supporting documents in hand, applicants will have the important information necessary for a more efficient licensing process.

### *Inside this issue:*

Reduce & Expunge	2
Precedential Decision	3
Moratorium	3
Regulations Update	4
Hearing Results	4
Sole Property	4
30-Second Survey	4
Hybrid Meetings	5
Hail and Farewell	5

### **CGCC Calendar**

#### **Upcoming Licensing Meetings**

*July 6*  
*July 20*  
*August 10*  
*August 24*  
*September 7*  
*September 21*

#### **Gaming Policy Advisory Committee (GPAC)** *August (date TBD)*

#### **Upcoming State Holidays**

**(Office Closed)**  
*July 4 (Independence Day)*  
*September 4 (Labor Day)*

## California Gambling Control Commission

### Chair

Paula LaBrie

### Commissioners

Cathleen Galgiani

Eric Heins

William Liu

Edward Yee

### Executive Director

Stacey Luna Baxter

### Chief Counsel

Jason Pope

### Deputy Director, Legislative & Regulatory Affairs

Rebecca Kirk

### Deputy Director, Licensing Division

Dolores Olivarez

### Deputy Director, Operations Services

#### Division

Alana Carter

### Public Information Officer

Fred Castaño

The California Gambling Control Commission newsletter *Industry Matters* is produced by CGCC staff quarterly. Reference herein to any specific commercial products, process, or service by trade name, trademark, manufacturer, or otherwise, does not constitute or imply its endorsement, recommendation, or favoring by the Commission, and such reference shall not be used for advertising or product endorsement purposes.

*Industry Matters* may distribute content supplied by third parties. Any opinions, advice, statements, services, offers, or other information or content expressed or made available by third parties does not necessarily state or reflect those of the California Gambling Control Commission. Copyright material is only used with express permission from the copyright holder or in accordance with Fair Use provisions of copyright law.



2399 Gateway Oaks Drive #220  
Sacramento, CA 95833  
916-263-0700

[cgcc.ca.gov](http://cgcc.ca.gov)  
[comments@cgcc.ca.gov](mailto:comments@cgcc.ca.gov)

## BEFORE YOU APPLY, CONSIDER REQUESTING REDUCTION AND EXPUNGEMENT

[Business and Professions Code section 19859](#) of the Gambling Control Act mandates that the Commission must deny any applicant who was convicted of a misdemeanor involving dishonesty or moral turpitude within the 10-year period immediately preceding the submission of the application.

However, if the applicant requests to have their convictions reduced and expunged, and the request is granted prior to submitting their application, then they are not subject to a mandatory license denial. The Commissioners still retain the discretion to deny the license, but the applicant has the opportunity to prove their suitability for licensure.

The Judicial Branch of the State of California has a helpful [online tool](#) and [instructions](#) to help people clean their record. Applicants are advised to have a copy of their criminal record handy, which they can obtain from the California Department of Justice [here](#). Applicants should also assemble any other documentation given to them from their conviction, as those documents can be helpful when making the request.

Generally, the Commission must deny applicants who have been convicted of a felony. However, the Gambling Control Act provides an exception for convictions for the possession of cannabis that would not constitute a felony or misdemeanor under California law on the date of the application.

The Judicial Branch of the State of California has information [online](#) about cannabis convictions. Courts are now required to clean up many cannabis-related convictions records automatically, without the need to file a petition. Applicants should check their criminal record to see if their conviction has already been reduced and expunged. If the courts have not taken action, the website has forms available for applicants to submit to see if they qualify to have their cannabis conviction reduced and expunged.

If an applicant has been convicted of a non-cannabis felony, they can still apply to the courts to have their conviction reduced and expunged. It is important to have the conviction both reduced and expunged. If the felony conviction is not reduced before the expungement, then the Commission must still consider the applicant to have a felony conviction, which would be cause for a mandatory denial of the application. If the felony conviction is both reduced and expunged, then the Commission has the discretion to either approve or deny the application, provided the applicant proves themselves suitable for licensure.

As a reminder, even if the convictions were reduced and expunged, applicants **must still disclose them** on their application. The Commission still retains the discretion to deny the application, even if the convictions no longer constitute a mandatory denial.

## COMMISSION ISSUES TWO PRECEDENTIAL DECISIONS IDENTIFYING PROHIBITED THREE-PARTY RELATIONSHIP

By Kate Patterson  
Staff Attorney

On February 28, 2023, the Commission voted to adopt, as precedential, two decisions clarifying that a specific type of relationship between Gambling Enterprise (GE) owners and Third-Party Providers of Proposition Player Services (TPPPS) is prohibited. The decisions contained a detailed review of a complex relationship between three parties: a GE owner, an administrative services/management company (Services Company), and a TPPPS. You can read the decisions [here](#) and [here](#).

The precedential decisions concern the licensure applications of the TPPPS and GE owners. In these cases, the Services Company shared common ownership with the GE owner and serviced both the GE owner and its cardrooms, as well as the TPPPS that serviced those cardrooms. The Services Company was also found to have the ability to exercise significant influence over the operations of the GE owner and its cardrooms. These precedential decisions conclude that such a three-party relationship between a GE owner, Services Company, and TPPPS is prohibited.

This is the first instance of the Commission reviewing a three-party relationship of this nature. Notably, the parties at issue in these decisions were not found to have engaged in any misconduct, and their applications were approved with conditions.

By adopting these decisions as precedential, they are given regulatory force, and the Commission is bound to follow the same holding in any future decisions concerning the same type of three-party relationship. These precedential decisions provide clarification and ensure fair treatment across the industry moving forward.

The Commission maintains a page on its website with all of its Precedential Decisions, which you can view [here](#).

In addition, you can sign up to be notified when the Commission considers or adopts a Precedential Decision [here](#).

## CARDROOM MORATORIUM RE-ESTABLISHED UNTIL JANUARY 1, 2043

On May 22, 2023, Governor Gavin Newsom signed [Assembly Bill \(AB\) 341](#), which reestablishes a moratorium on the expansion of gambling until January 1, 2043. Although the provisions of AB 341 do not take effect until January 1, 2024, the bill effectively makes the reinstated moratorium retroactive to the expiration of the previous moratorium on January 1, 2023.

In part, AB 341 reinstates the following provisions from the previous moratorium:

- Prohibits the California Gambling Control Commission from issuing a State Gambling License for a new cardroom that was not licensed to operate on December 31, 1999, unless an application to operate that cardroom was on file with the Department of Justice prior to September 1, 2000.
- Prohibits local jurisdictions and their voters from passing ordinances that authorize legal gambling, or amending their existing ordinances in a way that would constitute an [expansion of gambling](#).

However, AB 341 authorizes local jurisdictions to amend an ordinance that applies only to cardrooms that operate fewer than 20 tables. These cardrooms may increase their maximum number of tables by up to 10 additional tables above the number of tables operated by the cardroom on January 1, 2023, but only by up to two additional tables in the first year after the ordinance takes effect, and by up to two additional tables every four years thereafter. Pursuant to AB 341, the Commission can only grant the additional tables to eligible cardrooms if the cardrooms are operating all their permitted tables and are current on their payments of all taxes and applicable fees.

For more information, read the Commission's correspondence [here](#).

## REGULATIONS UPDATE: SUBPOENAS REGULATIONS AND COMMISSION FEES MODERNIZATION PROJECT III NOW IN EFFECT

By Rebecca Kirk, Josh Rosenstein, Alex Hunter, and Doris Pires  
*Legislative and Regulatory Affairs Division*

### Commission Fees Modernization Project

The Office of Administrative Law (OAL) approved the Commission Fees Modernization Project III Certificate of Compliance rulemaking file on April 14, 2023. With OAL’s approval of the Certificate of Compliance, these [regulations](#)—which amend cardroom annual fees and were previously in effect on an emergency basis—became effective on a permanent basis on April 14, 2023.

### Subpoenas

OAL approved the Commission’s regulations regarding Subpoenas on May 16, 2023. The [regulations](#), which clarify procedures associated with the service and enforcement of subpoenas, and clarify discovery procedures for Gambling Control Act hearings, became effective on July 1, 2023.

### Spousal Form Update

OAL approved regulatory amendments to update the Spousal Information form on June 22, 2023, which will become effective on October 1, 2023. The approved [regulations](#) update the Spousal Information form and Supplemental Information Schedules, in part, to clarify when the form and schedules are required to be submitted. The approved regulations also add a new category to the form for applicants who are owner category licensees but do not actually own or control a business, and are instead officers, directors, or other employees who are required to be licensed as endorsees.

### NEW GUIDANCE ON SOLE AND SEPARATE PROPERTY INTEREST

In May, the Commission released [guidance](#) for documenting sole and separate property interest when applying for a state gambling license. This document is found on the [Forms page](#) next to the Spousal Information Form.

Please consult this guidance when completing the Spousal Information Form for your application. If you have any questions about this guidance, please email the Commission at [comments@cgcc.ca.gov](mailto:comments@cgcc.ca.gov).

### Hearing Results

*(Decisions Effective April 1 — June 30)*

#### **Third-Party Worker License**

[Angela Say, denied April 24](#)

[Mary Lock, approved May 4](#)

[Brandon Cream, denied May 5](#)

[Stephanie Potter, denied June 4](#)

[Noe Rivas, denied June 4](#)

[Jisela Vasquez, denied June 4](#)

[Isaac Dallas, approved June 8](#)

#### **Key Employee License**

[Dusten Perry, stipulated settlement April 20](#)

[Roland Addison, denied May 5](#)

[Seakngim Song, denied May 20](#)

[Johnny Saeturn, denied June 4](#)

#### **Tribal Key Employee**

[Freddie Cabada, approved May 4](#)

#### **Work Permit**

[Bunny Heng, denied May 1](#)

### GOT 30 SECONDS? TAKE OUR NEWEST SURVEY!

The Commission is proud to present our newest [30-Second Survey](#) to our stakeholders, and the Commission wants to hear from you about the information we present on our website for the Commission Meetings. Did you know that you can access the Commission Options, Conditions, & Recommendations document for regular Commission Meetings online? You can view them on the [Meetings page](#) on our website. Also, tell us how we can improve that document! You can submit your feedback through the survey link or via email at [comments@cgcc.ca.gov](mailto:comments@cgcc.ca.gov).

## COMMISSION MEETINGS TO BE CONDUCTED BOTH IN PERSON AND STREAMING ONLINE STARTING JULY 1, 2023

Effective July 1, 2023, the Commission will resume providing a physical location for its public meetings, and will also continue livestreaming the meetings online via Zoom. Both methods offer ample opportunity for public participation, and the Commission strongly urges interested parties to continue using the online option for the meetings.

This change applies to all of the Commission’s meetings, which include the twice-monthly licensing meetings and evidentiary hearings.

Should participants choose to attend in person, we encourage them to attend at the Sacramento office instead of the satellite locations, where space will be extremely limited. The satellite locations are listed on the agenda, but be sure to check their location before attending, as the location may change from one meeting to the next due to the availability of the satellite locations. The Sacramento office location is the main venue and will always be at the same address. Below is a sample of an agenda with the locations:

STATE OF CALIFORNIA GAMBLING CONTROL COMMISSION		 Gavin Newsom, Governor PAULA LABRIE, CHAIR CATHLEEN GALGIANI ERIC C. HEINS WILLIAM LIU EDWARD YEE	
Notice and Agenda of Commission Meeting California Gambling Control Commission			
<b>MEETING WILL BE HELD IN PERSON AND BY TELE/VIDEO CONFERENCE</b>			
<b>Primary Location</b>		<b>Satellite Locations</b>	
<b>Northern California (Sac)</b> California Gambling Control Commission 2399 Gateway Oaks Drive Hearing Room 100 (first floor) Sacramento, CA 95833		<b>Northern California (SR)</b> Justice Joseph A. Rattigan Building 50 D Street Conference Room 410 Santa Rosa, CA 95404	
		<b>Southern California (LA)</b> Carolyn Owens Community Center 13201 Central Avenue Chino, CA 91710	

This change is a result of sunseting legislation; however, there is pending legislation, [Senate Bill 544](#) (Laird), that would enact permanent changes to the Bagley-Keene Open Meeting Act. The Commission is monitoring the legislation and will update our stakeholders on any changes to Commission operations.

You can access information about upcoming meetings on the [Meetings](#) page of the Commission’s website. The Meetings page has agendas for upcoming and past meetings, as well as meeting minutes and audio recordings of meetings past. The Meetings page also has the link to access the meeting livestream via Zoom, which can be accessed [here](#).

For more information, please visit the Commission's website, where you can find a detailed [correspondence](#) to our stakeholders about this issue, as well as an [FAQ page](#) that has additional information. You can also contact the Commission for more information at (916) 263-0700 or at [comments@cgcc.ca.gov](mailto:comments@cgcc.ca.gov).

### HAIL AND FAREWELL

The Commission welcomes Doris Pires, who is our newest Legislative and Regulatory Affairs Specialist! Doris joined the Commission in April from the Board of Vocational Nursing and Psychiatric Technicians under the Department of Consumer Affairs.

The Commission bids a fond farewell to Katherine Martinez, who left the Commission’s Licensing Division in May for the Department of Health Care Services. Katherine was a valued member of our Licensing Division, and we wish her the best of luck!

Congratulations to our new Gaming Policy Advisory Committee (GPAC) members Lisa Wardall, Michael Koniski, and Kirk Blackinton! Our next GPAC meeting will be in August.