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SAFETY FIRST: RE-OPENING THE CARDROOM INDUSTRY IN CALIFORNIA

By Stacey Luna Baxter
Executive Director

On August 28, Governor Gavin Newsom announced California’s new [Blueprint for a Safer Economy](#) (Blueprint) with revised criteria for loosening and tightening restrictions on activities. The new Blueprint outlines how and when businesses can reopen based on the number of daily new COVID-19 cases and positivity rate in their county.



Each county in California is assigned to a tier based on its rate of new cases and positivity rate. At a minimum, counties must remain in a tier for at least three weeks before moving forward. Data is reviewed weekly and tiers are updated on Tuesdays. To move forward, a county must meet the next tier’s criteria for the two prior consecutive weeks. If a county’s metrics worsen for two consecutive weeks, it will be assigned to a more restrictive tier. Public health officials are constantly monitoring data and can step in if necessary.

The tiers dictate if a cardroom may operate indoors with limited capacity, or only outdoors. Cardroom operators must also work with their local jurisdiction to obtain all necessary approvals prior to resuming operations, whether indoors or outdoors.

On September 9, 2020, specific guidance for the [Outdoor Operations of Cardrooms](#) and a corresponding [Commission Notice](#) was released. All cardrooms operating outdoors must comply with the issued guidance in order to preserve public health, safety and welfare. Cardrooms are not required to gain approval from the Bureau of Gambling Control prior to operating outdoors; however, it is requested that you keep the Bureau informed of your operational plans and provide the information specified in the Commission’s Notice to the Bureau via email at gamblingcontrol@doj.ca.gov prior to conducting outdoor operations.

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CGCC Calendar

Upcoming Licensing Meetings

- October 15
- October 29
- November 5
- November 19
- December 3
- December 17

Regulations Hearing

October 9

GPAC Meeting

October 22

Upcoming State Holidays (Office Closed)

- November 11 (Veterans Day)
- November 26-27 (Thanksgiving)
- December 25 (Christmas)
- January 1 (New Year’s Day)



Click above for COVID-19 updates

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REGULATIONS PACKAGES ON THE MOVE: EMERGENCY SANITATION PLANS, REMOTE COUNTS, AND LICENSING

By *Adrianna Alcalá-Beshara*

Deputy Director, Regulatory and Legislative Affairs

On August 21, 2020, the Office of Administrative Law [approved emergency regulations](#) which require gambling enterprises, third-party providers of proposition player services (TPPPS), and gambling businesses to implement an emergency sanitation plan during a declared state of emergency associated with a virus. Given the current declared state of emergency in response to COVID-19, the Commission determined that the adoption of these regulations is necessary for the immediate preservation of public peace, health, safety, and general welfare. The regulations went into effect immediately.



On September 11, 2020, the Commission met to discuss submitting two sets of proposed regulations to the Office of Administrative Law. The first set is regarding emergency regulations for [emergency-based remote counts](#). The emergency-based remote count regulations provide that where the gambling establishment is subject to a state of emergency or other order associated with a virus and requires physical distancing, a gambling enterprise may reduce the number of employees required to be physically present in the count room to conduct the count provided certain conditions are met. This section is designed to allow for sufficient physical distancing and allow other individuals designated to perform the count within the gambling establishment but outside of the count room. These regulations went into effect on September 17th.

The second set of regulations is for [licensing regulations](#). The proposed regulations simplify, clarify, and make consistent the Commission's current licensing procedures for work permits, key employees, cardroom owners, and all TPPPS license types. This regulations package restructures all definitions and terms related to licensing, consolidates all Commission forms into less than half (from 61 to 27), provides standards of representation for designated agents, replaces the TPPPS registration process with a temporary licensure process, and repeals the gambling business regulations. There will be a second hearing regarding these regulations on [October 9th](#).

A COMMISSION GUIDE TO TRANSACTION APPROVALS

By Kate Patterson
Staff Counsel

This is the first of a two-part series on the Commission's existing regulations regarding transaction approvals. This series will cover what kind of transactions require Commission approval, and who may need to be licensed as part of the transaction.



The Commission often reviews and approves business transactions at licensing meetings. The Commission does this at the request of the licensed parties to the transaction, even when it is not required to do so by any statute or regulatory provision. However, given the current economic climate created by COVID-19 and the likely need for cardroom and Third-Party Provider of Proposition Player Services (TPPPS) companies to both obtain credit and address the ever-evolving business needs caused by the pandemic, a review of what type of transactions actually require Commission approval is worthwhile. Absent a specific statutory or regulatory requirement, or a condition placed on an existing license, registrants and licensees do not need to seek Commission approval to enter into transactions ([Business and Professions Code \[B&P\] § 19901](#)).

Transactions for the Purchase, Lease, or Sale of Real or Personal Property

There is currently no Commission regulation that requires a licensee to obtain prior Commission approval before entering into a transaction to purchase, lease, or sell real or personal property. However, the Commission may require a variety of persons connected to licensees to secure a license based on the terms of their transactional relationship. For instance, persons who own an interest in real property used or owned by a licensed gambling establishment, or who have the power to exercise a significant influence over the gambling operation ([B&P § 19853\(a\)\(2\) and \(a\)\(6\)](#)). Likewise, the Commission may require licensure or registration of persons who lease property to the provider if the lessor exercises significant influence over the gambling operation, or those who receive a percentage or share of the revenue ([B&P § 19852\(i\)](#)).

Transactions for the Purchase or Sale of Interest in a Licensee

Commission approval is required prior to selling, assigning, transferring, pledging, or other disposition of any interest in a partnership or limited liability company that holds a state gambling license, or the granting of an option to purchase the interest ([B&P § 19892\(a\)](#)). If the required approval is not obtained, the transaction is void. The preapproval requirement applies even when the person acquiring the interest is already licensed by the Commission. In the event that the purchaser or lessee is required to be licensed by the Commission pursuant to [B&P § 19853](#), the transaction cannot close prior to issuance of that approval or licensing ([B&P § 19902](#)).

Owners of TPPPS companies must obtain Commission approval prior to selling any ownership interest to an unregistered or unlicensed person ([4 CCR § 12200.15\(a\)](#)). The transferee must apply for and be approved by the Commission as a registrant or licensee. The regulation does not require that the transferee's application for a license or registration be approved prior to consummation of the transaction. However, the transaction cannot close for at least 90 days after receipt of the application unless a shorter time period is set by the Commission's Executive Director ([4 CCR § 12200.15\(b\)](#)).

Please note that even if the underlying transaction does not require Commission approval, the Commission may still be involved to the extent that parties to the transaction require a Commission-issued license. [B&P § 19852](#) and [4 CCR § 12200](#) requires certain persons to be licensed. For instance, if the owner is a corporation, then each officer, director, and shareholder must individually apply for and obtain a state gambling license.



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CULTIVATING A CULTURE OF EXCELLENCE: HOW THE COMMISSION SUPPORTS ITS STAFF’S PROFESSIONAL DEVELOPMENT

By Fred Castano
 Public Relations Officer

When the Commission developed its 2017-2019 Strategic Plan, one of our strategic goals was to Cultivate Core Competency, which is achieved by enhancing our staff’s knowledge base. To achieve this goal, the Commission implemented monthly informal training sessions, in which a Commission staff member conducts a training session on a topic of their choice. The benefits of these trainings are twofold: the attendees increased their knowledge on the presented topic, and the presenter gained valuable experience by developing their presentation skills.

To date, the training sessions have covered topics including:

- State legislative process
- Conflict resolution
- State budget process
- Writing legislative analyses
- State contracting process
- Writing technical documents
- Gambling-related legislation
- Interview and hiring process

These trainings were so popular with and beneficial to our staff, that we are continuing them in our new [Strategic Plan for 2020-2023](#) to support two of its goals: Cultivate a Culture of Excellence, and Promote a Culture of Growth and Learning, with an added focus on industry-oriented trainings. We’ve continued to hold these training sessions via teleconference, as we continue to encourage our staff’s professional development.



GAMING POLICY ADVISORY COMMITTEE TERM EXPIRATIONS

The Commission’s Gaming Policy Advisory Committee (GPAC) has five members whose terms are set to expire on December 31, 2020. The Commission will be looking for representatives from the following categories: Bureau of Gambling Control; problem gambling and/or gambling addiction; cardrooms with more than 25 tables; cardrooms with less than 25 tables; and law enforcement.

Members of GPAC may serve three (3) consecutive terms of up to two (2) years each. The Commission will accept applications from anyone who is eligible and wishes to be considered for appointment to any of the seats identified above until Tuesday, December 8, 2020. Interviews will be conducted soon after the application deadline.

The [application form](#) can be found on the Commission’s website. Applications can be submitted via email to GPAC@cgcc.ca.gov. Mailed applications must be post-marked no later than December 8, 2020. View the announcement [online here](#).

HEARING RESULTS

(Decisions Effective July 1 – September 31)

Key Employee License
 Kevin Hwa, denied July 13

Work Permit
 Jason Snarr, approved July 9

Ariel Marrero, denied August 24

Third-Party Player License
 Andrew Arellano, denied July 13

Keanu Ouenga, denied July 13

Julius Sol Cruz Gonzalez, denied August 24

Omar Zepeda-Naranjo, denied September 3

Roderick Hebert, approved September 10

Aaron Robles, approved with conditions September 10

Richard Dondiego, denied September 28

Jonathan Sandoval, denied September 28