

# INDUSTRY MATTERS

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## INTRODUCING GOVERNMENTAL EXPERIENCE COMMISSIONER CATHLEEN GALGIANI

*This year, the Commission added four new Commissioners: [Eric Heins](#), [Edward Yee](#), Cathleen Galgiani, and William Liu. In this issue, we profile Commissioner Galgiani, and will introduce Commissioner Liu in a future issue.*



### What about the Commission attracted you to the position?

I sought this appointment to continue my public service in an area that has long been of interest, and one that I have watched evolve over time. My interest in gaming started 20 years ago, when as former Chief of Staff to then-Assemblymember Barbara Matthews, I joined her on a trip to some of the tribes that were just beginning to operate casinos within temporary structures. It was fascinating to hear how tribal leaders collaborated with local governments to improve roads, provide fire services, access water, and expand services to their tribal members. As a member of the Legislature, I had the privilege of serving on the Governmental Organization Committees in both houses where I learned about the evolving issues impacting the tribes, cardrooms, and horse racing. I am grateful to serve in a new capacity working directly with those who are seeking to work within California’s controlled gaming industry.

### What are some insights from your previous experience that will aid you in your new role?

As a former legislator, and staff member to legislators, I was responsible for resolving numerous problems that constituents had with various government agencies. While I wasn’t always able to provide them with the resolution they were seeking, I always ensured they understood the process and their rights to appeal a decision. This experience informs my perspective on the Commission, and my belief that each applicant should be informed of their right to an evidentiary hearing so that they may have the opportunity to explain the circumstances surrounding information that may disqualify them for licensure. The decisions we make as a body have a tremendous impact on an individual’s ability to work in the industry, and as such, this will always be at the forefront of my thought process and something I don’t take lightly.

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### CGCC Calendar

#### Upcoming Licensing Meetings

October 7  
October 21  
November 4  
November 18  
December 2  
December 16

#### Gaming Policy Advisory Committee

October 4

#### Upcoming State Holidays (Office Closed)

November 11 (Veterans Day)  
November 25-26 (Thanksgiving Day)



Click above for industry-related COVID-19 updates

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*Eric Heins*

### Commissioner

*Edward Yee*

### Commissioner

*Cathleen Galgiani*

### Commissioner

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## COMMISSIONER GALGIANI CONTINUED...

Because of my experience, I appreciate the challenging role that policy-makers at every level have, balancing the ever-changing needs and concerns of our stakeholders. It also showed me the importance of having a public process for debate, and the value added from stakeholders' input.

### What are some of your goals as Commissioner?

I recognize the trust that has been placed in myself and the other Commissioners, as we balance the need to ensure that gambling is conducted honestly and fairly, with the need to be fair to individuals whose livelihoods will be impacted by the decisions we make regarding their licensure. I am committed to ensuring that every individual who interacts with the Commission is treated with dignity and fairness by carrying out my duties in a way that honors the trust that has been placed in me.

When I served in the legislature, I helped my constituents access and navigate state regulatory processes that could often be daunting and confusing. My goal as a Commissioner is to approach my role with the same values that I held as an elected representative, recognizing that we should use our ability, when necessary, to help individuals access and navigate the Commission process.

This is especially important for individuals who are applying for work permits or Key Employee Licenses who have challenges to overcome from their background or work history, who do not have the financial ability to hire legal counsel. I am proud of the excellent work done by Commission staff to ensure that all applicants are given fair and equal consideration.

It is also my goal to look for opportunities to strengthen collaboration with entities responsible for helping patrons who experience problem gambling.

### Most importantly, what do you like to do for fun?

In my previous job, if I wasn't working, I was attending community events or campaigning. But now that I have the gift of time, I'm looking forward to exploring new things and doing more of what I've always loved to do. I'm a daredevil at heart – the scarier the better!

I've been skydiving with a tandem master, zip lining in Costa Rica, and scuba diving in Maui. Wind surfing and hot air ballooning are on my bucket list. I earned Open Water Diver and Scuba Diver certifications, but need to brush up on my skills so I don't hurt myself!

I love amusement parks, wine tasting, horseback riding, swimming, and scary movies! I love the arts and music. I've taken glass blowing classes, and painting classes in both oil and watercolors. I love animals and used to be a foster parent for cats and kittens at the SPCA. My wife and I are taking a trip to Italy next year so I'm hoping to learn to speak some Italian!

## INTERIM OWNER LICENSES AND QUALIFYING EVENTS: WHAT TO KNOW

By **Kate Patterson**  
*Staff Counsel*

The Commission may issue an interim owner category license (interim license) for cardrooms and Third-Party Provider of Proposition Player Services (TPPPS) business licensees following a “qualifying event.” These licenses are valid during the time the Bureau of Gambling Control (Bureau) and the Commission process and consider the regular license.



The definition of a “qualifying event,” in [California Code of Regulations \(CCR\), Title 4, section 12132](#), requires four things: (1) an event; (2) resulting in a change in ownership, or the control of the ownership interest for non-natural persons; (3) that prevents the cardroom or TPPPS business licensee from conducting gambling operations or the provision of third-party proposition player services; (4) because the new owner does not hold a valid license.

A cardroom or TPPPS licensee must notify the Bureau and Commission within 10 days of a qualifying event, and the new owner or individual in control of the ownership interest must submit a request for an interim license. ([4 CCR section 12134\(a\)](#))

The death of a person in control of an ownership interest can have varying degrees of impact on the operations of a cardroom or TPPPS business licensee. For instance, the death of a shareholder may not be considered a qualifying event if there are other shareholders that are natural persons who are still able to vote their shares to direct the corporation.

However, when the death of a shareholder results in lack of control by at least one licensed natural person, the interim license regulations are likely applicable. For instance, when there is a non-natural person owner such as a corporation, partnership, or limited liability company, but there are no licensed managing members, general partners, directors, shareholders, etc. to manage the entity or vote on integral matters, then a qualifying event may have occurred even though the non-natural person owner remains licensed.

In complicated ownership structures, it may be unclear whether a natural person is in control of the entity owning the cardroom or in subsequent entities. There is no clear limitation to how far down the tiers of ownership the Commission should go to consider whether there is a natural person in control. Since there is some ambiguity as to what the regulations require as far as a qualifying event preventing continued cardroom or TPPPS business operations, the Commission can exercise discretion to apply the regulations. In this regard, it is helpful to the Commission when an applicant includes sufficient information regarding the operational challenges arising from death of a natural person affiliated with the owner entity when requesting an interim license.

When the death of a natural person in control of the ownership interest does not prevent continued operations, the owner entity remains licensed, and there is at least one other natural person in control of the ownership interest, then there is likely not a qualifying event and there is no requirement for a successor to request an interim license. In that case, the successor can apply for a temporary owner category license in conjunction with submission of the initial application rather than request an interim license.

### **GPAC LOOKING FOR INDUSTRY AND PUBLIC REPRESENTATIVES — APPLY BY NOV 5**

The Gaming Policy Advisory Committee (GPAC) has seats expiring in five categories at the end of the year. The Commission is looking forward to reviewing applications from qualified candidates for representatives for the Third-Party Provider of Proposition Players Services, large cardroom, and small cardroom categories, as well as the Business/Accounting and Public Member-at-Large seats. Information about the vacancies can be found [here](#) and the application can be found [here](#). The deadline to apply is **November 5**. If you have any questions, please email [GPAC@cgcc.ca.gov](mailto:GPAC@cgcc.ca.gov) or call (916) 263-0700.



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## PUBLIC COMMENT PERIOD OPEN FOR SOUTHERN CALIFORNIA HEARINGS — AND WHY IT’S IMPORTANT TO SUBMIT COMMENTS IN A TIMELY MANNER

By Stacey Luna Baxter  
 Executive Director

In August, the Commission published [proposed regulations](#) that establish a system for holding Gambling Control Act (GCA) administrative hearings in Southern California. These proposed regulations will improve GCA hearing attendance by Southern California residents by providing them the opportunity to be heard closer to their home.



Improving access to an applicant’s rights to due process and a thorough evidentiary hearing by reducing travel burdens for these applicants should result in a decrease in the amount of withdrawn hearing requests and failures to appear, both of which result in default denial decisions.

The public comment period for these proposed regulations ends at midnight on October 5. Please submit written comment to [lawsandregs@cgcc.ca.gov](mailto:lawsandregs@cgcc.ca.gov).

The Commission has historically gone above and beyond in conducting multiple public meetings on a majority of its regulatory packages. The Commission does this because we are truly interested in stakeholder comments and believe they often make for a stronger regulation package. As such, for all regulatory processes, I strongly encourage anyone with comments or concerns about proposed regulations to submit them to the Commission well prior to the public meetings, allowing sufficient time for staff and the Commissioners to review them.

While we are happy to take comments at any stage of the process, and enjoy the robust conversations that result from comments made during the public meetings, it is in everyone’s best interest that you submit comments in advance of the Commission’s public regulations meetings.

I truly believe that when comments are submitted in advance, it provides for a more efficient process that allows the Commissioners and Commission staff to thoroughly understand your concerns, and possibly alleviate those concerns or propose thoughtful amendments to address your concerns prior to the public meetings.

In addition, we often utilize the Gaming Policy Advisory Committee (GPAC) to review proposed amendments and gather feedback from the GPAC members. The GPAC meetings are another public forum where our stakeholders can submit comments and discuss the proposed regulations.

We encourage our stakeholders to participate in the regulatory process, because through your input, we are able to implement policies important to our stakeholders, the general public, and the Commission. To that end, please submit your comments at the earliest stages of the regulatory process to ensure an efficient and effective process.

### Hearing Results

*(Decisions Effective July 1 — September 30)*

#### Cardroom Owner-Licensee

Ning Garcia, Rogelio’s Inc. dba Rogelio’s, denied July 12  
 Stanley Penn, Lucky Lady Card Room, denied August 12

Robert Harris, Jr., Commerce Casino, denied August 19  
 Casino 99, LLC dba Casino 99, approved with conditions and suspended via stipulated settlement September 23

#### Key Employee License

David Whatley, denied July 26

Roseanne Tran, approved with conditions August 4

#### Work Permit

Carrie Rabener, denied July 12

David Whatley, denied July 26

Charlito Lukban, denied August 16

Henry Vu, denied August 16

#### Third-Party Player License

Mario Gonzalez, denied July 12

Kenia Ramirez, denied August 16

John Martinez, approved with condition August 19

Jolyn Garrido, approved September 23

Patrick Paranada, denied September 27

#### Tribal Key Employee

Joshua Madrigal, denied July 12

Hector Andrade, denied August 19

Alan Erikson, denied August 23

## GOVERNOR NEWSOM SIGNS AB 137, PROVIDES ECONOMIC RELIEF TO GAMBLING INDUSTRY AND WORKERS IN CALIFORNIA

On July 16, Governor Gavin Newsom signed [AB 137](#), which directly impacted our stakeholders in the gambling industry. The legislation amended [Business and Professions Code section 19821.1](#) and as a result:

- Cardroom business licensees are not required to pay any annual fees ordinarily due between January 31, 2020—July 31, 2021. The Bureau of Gambling Control (Bureau) will issue a refund for any fees already paid for this period. This fee waiver does not apply to extensions or installment agreement due dates for annual fees due prior to January 31, 2020.
- Third-party providers of proposition player services business licensees are not required to pay for any annual fees ordinarily due September 1, 2020—August 31, 2022. The Bureau will issue a refund for any fees already paid for this period. This fee waiver does not apply to extensions or installment agreement due dates for annual fees due prior to September 1, 2020.
- Licensees are not required to pay any fees or deposits associated with a renewal license or Commission-issued work permit application ordinarily due March 1, 2020—April 30, 2022. The Bureau will issue a refund for any fees already paid for this period. This fee and deposit waiver does not apply to extensions provided for fees and deposits due prior to March 1, 2020. The waiver also does not apply to initial applicants. The waiver applies to renewal applicants only.

If you have any questions about how AB 137 may impact you, please contact our Legislative and Regulatory Affairs Division at [lawsandregs@cgcc.ca.gov](mailto:lawsandregs@cgcc.ca.gov).

**Make A DATE to VACCINATE**

**COVID-19 vaccines support a safer back to school and healthier communities.**

- The COVID-19 vaccine has been proven **safe** for those 12 and older and will protect against becoming seriously ill from COVID-19.
- Start your vaccination process as soon as you can - it takes at least 5 weeks to become fully vaccinated.
- Many school districts will be holding walk-in clinics for students and families. Vaccines are **free** for everyone.
- Vaccines are also available at your local pharmacy, doctor or health care provider, and at many other locations.



Visit [myturn.ca.gov](http://myturn.ca.gov) or call **1-833-422-4255**  
to sign up for a vaccination appointment or to find a walk-in near you.

 **Vaccinate ALL 58**  
Together we can end the pandemic.

### **HAIL AND FAREWELL**

The Commission welcomes Ryan Gardner to the Licensing Division! Ryan is an Office Technician and is responsible for various administrative duties to support the Licensing Division.

The Commission also welcomes back an old friend, Paras Modha! Paras rejoined the Commission in September as an attorney in the Legal Division. Paras worked as an attorney in the Commission's Legal Division from 2010-2015 and then as an attorney for the Department of Justice from 2015-2021.

### **COST AND FEE ANALYSIS COMPLETED — WE NEED YOUR INPUT!**

As a result of the California State Auditor's report, the Commission and the Bureau of Gambling Control (Bureau) engaged a consultant, MGT Consulting Group, to produce a cost analysis and fee restructuring plan. On September 22, the Commission distributed that [report](#) and outlined [several steps](#) that the Commission is taking to implement that plan.

An important part of this plan is gathering industry feedback on the report and its findings. Please read the [California State Auditor's report](#) and the [MGT report](#), and take a quick, anonymous, online survey [here](#). The survey will be open through Friday, October 15.

In addition, the Commission commenced the formal rulemaking process to implement the Commission Fees Modernization Project, which you can read about on our [Proposed Regulations page](#). If you have comments or questions about these regulations, please contact the Commission at [lawsandregs@cgcc.ca.gov](mailto:lawsandregs@cgcc.ca.gov).