

CALIFORNIA GAMBLING CONTROL COMMISSION
INITIAL STATEMENT OF REASONS
MULTI-OWNER TYPE LICENSES
CGCC-GCA-2025-03-R

HEARING DATE: None Scheduled

SUBJECT MATTER OF PROPOSED REGULATIONS: Multi-Owner Type Licenses

SECTIONS AFFECTED: California Code of Regulations, Title 4, Division 18:
Sections 12002, 12054, 12080, 12090, 12102, 12112,
12114, and 12116

SPECIFIC PURPOSE OF REGULATORY PROPOSAL:

INTRODUCTION:

The California Gambling Control Commission (Commission) is proposing regulations that would implement Assembly Bill (AB) 1271 (Gipson, Chapter 302, Statutes of 2023), which provides that the Commission must adopt regulations to implement a new owner type license that allows for a person or entity to be endorsed on the license certificate of multiple gambling enterprises (cardrooms). Additionally, AB 1271 allows the Commission to adopt regulations to provide for the waiver of any application requirements, including the collection of supplemental forms and any required background investigations by the Bureau of Gambling Control within the Department of Justice (Bureau), should the applicant possess a state gambling license in good standing. The Commission’s proposed action will define “good standing” and modify existing licensing processes to create a “multi-owner type license” that would allow owners of cardrooms or third-party providers of proposition player services (TPPPS) to bundle multiple endorsements across businesses (but not across industries) which will have the effect of reducing the administrative processes and costs associated with the maintenance of their licenses.

PROBLEM ADDRESSED:

Prior to AB 1271, the Gambling Control Act (Act) provided that non-natural persons who held ownership interest were not eligible for an initial or renewal license unless all persons required to be endorsed on the license also individually applied for and obtained a license at the same time as the owner. This resulted in persons who were required to be endorsed on multiple licenses having to have their suitability reviewed by the Commission and Bureau more than once, and possibly many times, within a two-year period. The Act ostensibly provides that a licensee’s finding of suitability is valid for a two-year period; however, it required that an individual who is required to receive approval for more than one reason submit additional applications for approval despite having an existing finding of suitability. This resulted in a financial burden on licensees and applicants who are required to undergo repetitive background investigations and created duplicative administrative workload within the Commission and Bureau by requiring repetitive

investigations and licensing hearings on the same persons.

PURPOSE:

This proposed action is drafted to implement the changes to the Act implemented by AB 1271. This regulation provides a definition of good standing, implements waivers to specified parts of the application process, and provides for a new multi-owner type license to allow cost savings to applicants and efficiencies for the Commission and Bureau.

ANTICIPATED BENEFITS OF PROPOSED REGULATION:

These proposed regulations are anticipated to reduce workload and create cost savings for applicants, the Commission, and the Bureau by eliminating the requirement to review an applicant's background repeatedly over a two-year period. This is expected to result in reduced fees and costs associated with initial and renewal applications for applicants in good standing who either apply for additional initial licenses or who convert their existing licenses to a multi-owner type license.

PROPOSED ACTION:

This proposed action makes the following specific changes within Chapter 1, Division 18, Title 4 of the California Code of Regulations:

CHAPTER 1. GENERAL PROVISIONS.

ARTICLE 1. DEFINITIONS AND GENERAL PROVISIONS

Amend Section 12002. General Definitions.

This section provides general definitions for overall use in Division 18. As part of this proposal new definitions are proposed. Additional changes have been proposed to other definitions including renumbering to reflect the new definitions.

- Subsection (n) is added to provide a definition for “cardroom multi-owner license.” This definition means a cardroom specific license whose two-year approval period will determine the approval period of all other cardroom endorsee licenses held by a specific licensee. This definition is necessary to provide a reference for cardroom specific multi-owner licenses.
- Subsection (ac) is added to provide a definition for “good standing.” This definition provides a status for endorsee licenses (cardroom endorsee license and TPPPS endorsee license) that allows access to specific licensing processes, discussed in detail below. A specified license is considered in “good standing” if it does not have any of the following:
 - An excluding condition;
 - Any pending accusation;
 - Any pending evidentiary hearing, unless otherwise determined pursuant to Section 12054;
 - Any denial of a current renewal application, pursuant to Section 12054(a)(3); or,
 - Any revocation or suspension pursuant to Section 12554;

For purposes of this definition, “excluding condition” means two things:

1. A condition imposed on the renewal license that expressly prevents good standing, applied after either a Commission meeting¹, evidentiary hearing², or formal hearing³; or,
2. Any of the following conditions if issued prior to the effective date of the regulation:
 - A. Any condition that requires the reporting on and/or resolution of debt(s);
 - B. Any condition that requires an associated business (cardroom or TPPPS) to obtain Bureau approval prior to entering into any agreements or that require the associated business to engage a person or establish a committee to ensure operations are compliant with the Act and Commission and Bureau regulations;
 - C. Any condition that restricts the licensee’s ability to participate in the operation of any associated business. This does not apply to conditions related to the voluntary non-operation status of a cardroom; or,
 - D. Any condition imposed at the conclusion of a formal hearing that requires reporting to the Bureau.

One of the Commission’s primary responsibilities is to ensure that unsuitable people are not engaged in controlled gambling. The Commission would not meet its responsibilities under the Act if it allowed a person whose suitability for licensure has been called into question to apply for other licenses without undergoing a background investigation and submitting supplemental information forms to allow a more thorough review of the applicant’s suitability. As such, when the Commission is considering an application at an evidentiary hearing or a license at a formal hearing, the licensee should not be considered in “good standing” and access the benefit of waived requirements.

Finally, since any conditions put into place prior to the effective date of these regulations would not have included any discussion on the concept of “good standing,” the Commission has identified pre-existing conditions that would prevent good standing retrospectively. These four types of conditions represent those the Commission has identified to be most closely associated with a condition preventing good standing. Notably, the inability to qualify for the newly proposed good standing criteria would not have an impact on any active licensee; the licensee would be able to operate the same as before this proposed action but would not be eligible for the new processes in this rulemaking action.

It is important to point out that in subparagraph (C), dealing with conditions that restrict a licensee’s ability to participate in the operation of a cardroom or TPPPS, conditions related to the voluntary non-operation status of a cardroom are exempt. When a cardroom stops operating on a voluntary basis, such as for a large remodel or the owner does not want to operate anymore but wants to maintain their license, the Commission places on the license certain conditions that impede the reopening of cardroom. This is not because the Commission believes that the licensee is not suitable, but because it acts as a notification

¹ Section 12054(a)(2)

² Section 12066(b)(4)

³ Section 12554(d)(4)

process. The Bureau operates ongoing compliance and audit functions and if a cardroom were to reopen without notification, the Bureau would not be aware that such functions needed to be restarted for a specific cardroom. This differs from conditions that allow a person to participate in the ownership of an operating cardroom but restricts or prohibits their participation in a managerial function.

- Subsection (ae) provides the definition for “initial license.” This definition differentiates between initial licenses, renewal licenses, temporary licenses, and interim licenses, but also at a more specific level, such as initial key employee licenses and initial cardroom owner type licenses. To allow for this continued flexibility, references to an “initial cardroom multi-owner license,” “initial TPPPS multi-owner license,” and “initial multi-owner type license” are added.
- Subsection (al) is added to provide a definition for “multi-owner type license.” This definition provides a term to refer to both cardroom and TPPPS multi-owner licenses. The use of this term is necessary to simplify and clarify provisions that refer to these license types without requiring a list to be provided every time.
- Subsection (an) is added to provide a definition for “pending accusation.” This definition allows for the Commission’s disciplinary process to be referenced in its entirety. One of the important roles of the Commission is to act as the decision-making body for licensees who have been accused of being in violation of the Act or Commission or Bureau regulations. This process involves investigations by the Bureau, the filing of an accusation by the Bureau with the Commission, and hearings held by the Office of Administrative Hearings. By creating a definition that references this entire process, the Commission’s regulations are more clearly able to identify licenses that are engaged in this process.
- Subsection (ao) is added to provide a definition for “pending evidentiary hearing.” This definition allows for the Commission’s evidentiary hearing to be referenced in its entirety. One of the important roles of the Commission is to ensure that no unsuitable person participates in controlled gambling. This involves investigations by the Bureau and consideration by the Commission at a Commission meeting. Should an aspect of the Bureau’s investigation concern the Commission, the Commission can either deny a license or approve it with conditions. Ultimately, the denial or imposing of conditions may result in an evidentiary hearing, either directly elected by the Commission, set by the Executive Director, or requested by the applicant. The hearing process then has multiple stages, from pre-hearing meetings with the presiding officer, the exchange of documents between parties, the evidentiary hearing itself, and closed session deliberations of the Commission, all which ultimately results in a decision of the Commission becoming final. By creating a definition that references this entire process, the Commission’s regulations are more clearly able to identify licenses that are engaged in this process.
- Subsection (ar) provides the definition for “renewal license.” This definition differentiates among initial licenses, renewal licenses, temporary licenses, and interim licenses, but also at a more specific level such as renewal key employee licenses and renewal cardroom owner type licenses. To allow for this continued flexibility, references to a “renewal cardroom

multi-owner license,” “renewal TPPPS multi-owner license,” and “renewal multi-owner type license” are added.

- Subsection (bb) is added to provide a definition for “TPPPS multi-owner license.” This definition means a TPPPS specific license whose two-year approval period will determine the approval period of all other TPPPS endorsee licenses held by a specific licensee. This definition is necessary to provide a reference to TPPPS specific multi-owner licenses.

ARTICLE 2. PROCEDURES FOR HEARINGS AND MEETINGS ON APPLICATIONS.

Amend Section 12054. Consideration at a Commission Meeting.

Section 12054 provides a limited list of the possible actions that could be taken by the Commission at a Commission meeting.

- Paragraph (4) provides that one of the actions the Commission could take on an application is to elect to hold or retract it from an evidentiary hearing. The provision is amended to clarify that when the Commission elects to hold an evidentiary hearing on an endorsee’s license, the applicant is prevented from being considered in “good standing” unless the Commission directs otherwise. This amendment is necessary for two reasons: (1) it clarifies the status of licenses that have been directed to an evidentiary hearing, and (2) it provides the Commission the flexibility to make the determination that the concerns identified by the Commission for discussion at an evidentiary hearing are minor enough that they do not preclude good standing.

When the Commission elects to hold an evidentiary hearing, they identify those issues that will be discussed at the evidentiary hearing. This could range from issues that require denial by law, to relatively minor issues like unpaid fees. By providing the Commission with this flexibility, applicants could benefit from cost savings related to other, future applications.

ARTICLE 3. DESIGNATED AGENT.

Amend Section 12080. Requirements.

Section 12080 provides regulations for the appointment of designated agents. A designated agent is a person who is authorized to assist an applicant or licensee on a specified set of issues and may appear before the Commission on behalf of an applicant or licensee, if so designated.

- Subsection (a) provides that an applicant or licensee may designate an individual to serve as their designated agent and provides a form for this process. Reflecting the amendment of the form, the form date in this provision is amended.

Appointment of Designated Agent, CGCC-CH1-04

- Section 3 applies to the Designated Agent, not the applicant or licensee completing the form. The question pertaining to licenses held by the designated agent has been amended to clarify that any relevant license numbers must be provided and not just a single license number if multiple licenses are held. This amendment is necessary to make the

requirement of the form consistent with the requirement of Section 12080(c), which had previously required that the information in totality be provided, if applicable.

- Subsection (c) provides the information a designated agent must provide, if applicable. This provision currently requires that license numbers from the California State Bar and California Board of Accountancy be provided. Currently the provision requires that only license numbers in “good standing” be provided, but this is amended to instead require “valid license number(s).” This amendment is necessary to prevent confusion. As part of this proposed action, a definition for “good standing” is being created; however, since this definition includes specific references to the Commission’s regulations it would not be consistent if applied to these other license types. Therefore, it has been replaced.

Subsection (c) has been further amended to require any valid license number(s) issued by the Commission to be provided. This is necessary to allow the Commission and Bureau to connect the designated agent more easily to other administrative records. Additionally, the form, CGCC-CH1-04, currently indicates that a license number issued by the Commission must be provided, so this amendment also makes the provision consistent with the form.

- Subsection (d) provides that if the designated agent provides a license number from either the California State Bar or the California Board of Accountancy, then they must update the Bureau should their standing change or if there is any disciplinary action against them. With the addition of a new paragraph (1) in subsection (c), the reference in this subsection is clarified to only reference (2) and (3), which is consistent with the current provision. As such, this is a non-substantive change.

ARTICLE 4. FEES.

Amend Section 12090. Schedule of Fees Required for Applications, Approvals, and Registrations.

This section provides a repository of fees associated with the Commission’s various forms.

- The Commission’s Application for Owner Category License, CGCC-CH2-05, is the application submitted by cardroom endorsees and TPPPS endorsees when applying for either an initial or renewal license. The new multi-owner type license, while representing a reduction in total applications by licensees who hold more than one license, either with a single business or with more than one business, also represents an increase in workload by both Commission and Bureau staff.

Currently, when a cardroom business or TPPPS business submits their application for renewal, all endorsees simultaneously submit their applications. The Commission and Bureau conduct their work on all the applications as a group. However, the disconnection of an individual holding a multi-owner type license from the group does not significantly decrease the workload associated with the group, but it does create additional workload for the separated individual. Additionally, current billing methods include two methods of payment:

- (1) An application fee, representing all direct costs borne by the Commission and Department of Justice that can be directly associated with the processing of the application, such as ensuring an application is complete and Commission staff's preparation of the item for Commission consideration, but not related to any unique background investigation of the application; and,
- (2) The investigation deposit, which is made up of an initial deposit and any additional sums collected by the Bureau. The work paid for by this investigation deposit includes preparation of the Bureau's report to the Commission and basic review and verification of the information on the application and supplemental forms. It also includes case-by-case costs, such as the specific time necessary to investigate an applicant's unique background.

The fixed costs portion of the investigation deposit will not be collected under this new scheme, which provides for the waiver of background deposit portion of the investigation deposit. However, many of these tasks, such as preparing a report for the Commission, must still be conducted. To cover these costs an additional multi-owner type license application fee of \$657 is added for individuals applying for a multi-owner type license. The amount was determined as follows:

The Bureau has determined that they will require 1 hour of staff time per multi-owner license at the Staff Services Analyst level (\$47/hour) for a total of \$47 per application.

The Commission has determined that they will require 8.3 hours of Associated Governmental Program Analyst level (\$62.31/hour), .7 hours of Staff Services Manager I level (\$73.56/hour), and .4 hours of Career Executive Assignment A level (\$103.42/hour) for a total of \$610 per application.

CHAPTER 2. LICENSES AND WORK PERMITS.

ARTICLE 1. DEFINITIONS AND GENERAL PROVISIONS.

Amend Section 12102. General Provisions.

This section provides general provisions related to each license.

- Subsection (a) provides that an initial or renewal license or Commission work permit shall be valid for two years. This provision is amended to add new paragraph (2). This new paragraph provides that multi-owner type licenses are also valid for a two-year period and that any associated initial and renewal licenses will be valid not for their own two-year period but for the multi-owner type license's two-year period. This is necessary to clarify how future licenses interact with a multi-owner type license.

ARTICLE 2. INITIAL LICENSE APPLICATIONS; REQUIRED FORMS.

Amend Section 12112. Initial License Applications; Required Forms.

Section 12112 provides what must be submitted to the Bureau for an initial application to be considered complete. This section includes the application forms Application for Employee

Category License, CGCC-CH2-04 and Application for Owner Category License, CGCC-CH2-05, along with any relevant supplemental or additional forms that must be provided.

- Subsection (a) provides that an applicant must submit either an employee or owner application form along with the applicable background investigation deposit required in Bureau regulations. In reflecting the amendment of the Application for Owner Category License form, the form date in this provision is amended.

Application for Employee Category License, CGCC-CH2-04

- Section 3 of the form provides a series of questions for renewal applications. In the Commission’s licensing process, initial applications include supplemental forms, which ask many background-related questions and provides information to the Commission and Bureau to use during the application process and the determination of suitability. These supplemental forms are not required with renewal applications and Section 3 provides questions similar to what is otherwise required on the supplemental forms. The responses provided in this section might prompt the Bureau to request additional information and to conduct a limited, not required, investigation.
 - a. A new question pertaining to a change in contact information has been added to the form. An applicant’s contact information is first collected with their initial application on the appropriate supplemental form. After that, the Commission will only re-request contact information in a limited fashion. Instead, the Commission provides a form, Notice of Contact Information Change, CGCC-CH1-01, for a licensee to update the Commission and Bureau of changes to their contact information. Because the submittal of a renewal application is a critical process, the licensee is being prompted to verify that the current contact information is correct, and if not, to provide the Bureau and Commission with updated contact information. The actual information is not required to be reported on this application form, because the application form is a public record.

Application for Owner Category License, CGCC-CH2-05

- The form instructions provide guidance on how the form must be completed. The instructions are amended to reference “owner category license” instead of “licensee.” This corrects the reference to what the purpose of the form is. An applicant is not applying to be a licensee, but is applying for a license, the result being that they become a licensee. This change is made in other parts of the form as well for this same reason.
- The place to provide the name of the “Associated Owner Category Licensee” is removed from page 1. With the amendment of the form to allow for multi-owner type licenses, a place to put only a single reference is not appropriate. While removed here, proposed Section 6 of the form will provide a place for this information to be collected.
- Section 1 of the form provides a place for the applicant to indicate the type of application they are applying for.

1. The title of part A is amended to clarify that the application can be used to apply for one type of license (cardroom business license, TPPPS business license, cardroom endorsee license, or TPPPS endorsee license). This clarification is necessary as the form has been amended to allow for multiple licenses to be applied for on a single form (in the case of multi-owner type licenses). It has not been expanded for multiple industries (both cardroom and TPPPS) or to allow for a business license and an endorsee license to be requested at the same time, and so this clarification is necessary.
2. The individual descriptions of what each license type means in part A have been amended to provide better examples and directly reference Business and Professions Code sections 19851 and 19984. This amendment is necessary to enhance the clarity of the form by assisting the applicant in being better able to identify which type of license they need to apply for.
3. The title of part B has been amended to request the specifics of the applicant, and to allow for more than one box to be selected. This amendment is necessary because the options for licensure have been expanded, and more combinations are now possible. Requiring this information is necessary due to what other information is required, what administrative processes must occur, and any changes needed depending on which type of license is being applied for.
 - a. All existing text in this part has been repealed and replaced with similar questions in a new format. The question related to badges has been moved to Section 6.
 - b. A section for identifying the type of application (initial or renewal) is added. This information was previously asked, in a different way, on this form.
 - c. A question for temporary license (initial only) is added. This question was previously asked, in a different way, on this form.
 - d. A question related to late submittals is added (for cardroom renewals only). While not an existing question, there is an existing notation about the delinquency fee.
 - e. A question is added about good standing. This question allows the applicant to indicate that they believe they hold an applicable renewal license in good standing. The good standing process is being adopted in this rulemaking action, and allowing for an applicant to indicate it on this form provides for proper instruction on what must be completed and submitted with this form. The reason the question is written to allow for the applicant to indicate their “belief” instead of asking for a factual response, is because the determination of good standing is ultimately a Commission decision and while the applicant is required to accurately complete the form, it is not the intent of this question to provide a purpose for denial. Should an applicant be incorrect, the existing review process allows for a process under which an incomplete application can be completed.
 - f. A question is added about applying for a multi-owner type license. This is a new process adopted as part of this rulemaking action. Business and Professions Code section 19851(d)(2) specifies when existing licensees can be converted into multi-owner type licenses, which is limited to only when the conversion is in conjunction with an existing renewal application for a license

- in good standing. As such, this information is included with this question for instruction purposes.
- g. A question is added about whether the application is for an existing multi-owner type license. This is a new process adopted as part of this rulemaking action.
- o Section 2 of the form provides a series of questions for renewal applications. In the Commission’s licensing process, initial applications include supplemental forms, which ask many background-related questions and provides information to the Commission and Bureau to use during the application process and the determination of suitability. These supplemental forms are not required with renewal applications and Section 2 provides questions similar to what is otherwise required on the supplemental forms. The responses provided in this section might prompt the Bureau to request additional information and to conduct a limited, not required, investigation.
 - a. The title and instructions for this section have been amended to include applications in good standing. Business and Professions Code section 19851(c) allows the Commission to waive the submittal of supplemental forms and the requirement for an investigation by the Bureau on applications when good standing exists. Effectively, this results in initial applications being treated as renewal applications, where the Commission already does not require supplemental forms, an investigation, or a deposit. By expanding the renewal questionnaire to apply when good standing is involved, the processes are made equitable and will provide the Bureau with information that may prompt a non-required investigation.
 - b. A new question pertaining to other sources of income has been added to the list of questions. This question is necessary in order for the Commission and Bureau to effectively “ensure that gambling is conducted honestly, competitively, and free of criminal and corruptive elements...”⁴ A person (natural or non-natural) acting as an annual source of income of a significant amount (more than \$25,000) may have influence over a licensee and the Bureau might choose to conduct an investigation to ensure that the source of income would not act as a corruptive influence.
 - c. A new question pertaining to a change in contact information has been added to the form. An applicant’s contact information is first collected with their initial application on the appropriate supplemental form. After that, the Commission will only re-request contact information in a limited fashion. Instead, the Commission provides a form, Notice of Contact Information Change, CGCC-CH1-01, for a licensee to update the Commission and Bureau of changes to their contact information. Because the submittal of a renewal application is a critical process, the licensee is being prompted to verify that the current contact information is correct, and if not, provide the Bureau and Commission with updated contact information. The actual information is not required to be reported on this application form, because the application form is a public record.

⁴ Business and Professions Code section 19801(j)

- Section 3 of the form provides a place for a cardroom business licensee to report gaming hours, number of tables, and proposed games. This section contains non-substantive changes to the instructions and a clarifying note that the application is not an application for game approval.
- Section 4 of the form provides a place for a business licensee (cardroom or TPPPS) to provide a breakdown of the people (natural and non-natural) that make up its ownership, and how any compensation is provided to those persons. This section includes non-substantive changes to the instructions consistent with the Act. Additionally, a place has been added to indicate the name of the business licensee. This information is currently required on page one and its inclusion here is not a new requirement.
- Section 5 of the form is proposed to provide two certifications related to an application requesting a multi-owner type license.
 - a. The first certification requires the applicant to acknowledge that they understand that the result of their request will be a consolidation of their endorsements with a single multi-owner type license and that going forward they will have a single renewal cycle. This certification is necessary to ensure that the applicant understands the request and the implications for the applicant's other licenses.
 - b. The second certification requires the applicant to acknowledge that by holding a multi-owner type license, it means that when an action is taken against the multi-owner type license, it may affect some or all the licensee's other licenses. Currently, if the Commission were to act on a license, that decision would be isolated to the license in question. With a new multi-owner type license, it is possible that when an action is filed against a licensee, the consideration could result in simultaneous action being taken against any or all other licensees associated with the licensee. By providing this certification, the applicant acknowledges that this is one possible result of applying for a multi-owner type license. It should be noted that the provisions upon which an action could be taken against a licensee are not part of this rulemaking action and remain unamended.
- Section 6 of the form is proposed to provide a place for an applicant for an endorsee license (cardroom or TPPPS) to indicate what their endorsements are for.
 - a. As previously mentioned, the existing form requires this information on a per-application basis. With the expansion to multi-owner type licenses, there is a need for an applicant to indicate multiple endorsements on a single application. To properly and separately identify each endorsement the applicant must provide the type of endorsement, any immediate non-natural person the endorsement is associated with, and the actual business licensee (cardroom or TPPPS). As an example, the natural person would indicate that they are a Trustee to Family Trust X for Cardroom Z. This information, which is more than what is currently required, is necessary because some licensees have more than one endorsement that could appear similar. Without a greater

- level of detail, the Commission and Bureau might not be clear what is being requested.
- b. The instructions to this section include a provision prohibiting the multiple submittals of endorsements for licensees who do not hold or are not requesting a multi-owner license. If a licensee elects to maintain their licenses separately, they are not eligible for the multi-license process and must submit individual applications, application fees, background deposits (if applicable), and supplemental forms (if applicable).
 - c. The place for cardroom endorsee licensees to request a badge is moved from Section 1 to this Section. This allows the licensee to request badges on a per-cardroom basis because the badge issued for each cardroom is unique and a badge might not be desired for each associated cardroom.
- Section 7, renumbered from Section 4, provides additional documentation that is required of the applicant. The instructions for this section require that documents must be signed and dated. This is amended to indicate that the signing and dating is only required if applicable to the form being submitted. Not all additional documents might be signed or dated and therefore that shouldn't be required.

Individual Owner/Principal: Supplemental Information, CGCC-CH2-07

- The place to submit the name, title, associations, and application type are removed from page 1. With the amendment of the form to allow for multi-owner type licenses, a place to put only a single reference is not appropriate. While removed here, the information either already exists in Section 1 or is being added to Section 1.
- Section 1 of the form collects the applicant's personal identification information. Part B of the form collects the endorsement type(s) with a space to indicate multiple endorsements on a single application. To properly and separately identify each endorsement the applicant must identify the type of endorsement, identify any immediate non-natural person the endorsement is associated with, and report the actual business licensee (cardroom or TPPPS). As an example, a natural person would indicate that they are a Trustee to Family Trust X for Cardroom Z. This information, which is more than what is currently required, is necessary because some licensees have more than one endorsement that could appear similar. Without a greater level of detail, the Commission and Bureau might not be clear what is being requested.
- Section 6 of the form collects experience and employment history. Item #3 in the work history is amended to request "Name of Prior Employer" instead of "Current Employer." This is a non-substantive change to correct an error that currently exists on the form as item #1 already requires the application to provide their "Current Employer" and the remaining spaces are reserved for indicating the applicant's prior employment history. In addition, a space for the conclusion of the work period is added for consistency with other required information.
- Section 8 of the form collects gaming related business interests. One of the questions collects current and historical business interests. This question is amended to identify

“page two” instead of “page one,” consistent with the other changes on the forms related to multi-owner type licenses. Additionally, more examples of possible relationships have been added. These changes are necessary to keep the form consistent with other changes and ensure all ownership interests are reported.

- Section 9 of the form collects non-gaming related business interests. This question is amended to provide more examples of possible relationships that should be provided. This is necessary to keep the form consistent with other changes and ensure all ownership interests are reported.
- Section 11 of the form provides instructions to the applicant regarding other required forms and documents to be submitted with the application.

The instructions for this section require that documents must be signed and dated. This is amended to indicate that the signing and dating is only required if applicable to the form being submitted. Not all additional documents might be signed or dated and therefore that shouldn't be required.

A new requirement for sole proprietors is added. Most cardrooms and TPPPS ownership structures involve both natural and non-natural persons. Sole Proprietors are an exception where the natural person acts as the business. As such, business information not reflected in the supplemental form for natural persons is needed for the Bureau to effectively conduct its background investigation. This information is reflected in Sections 5, 7, 8, and 9 of the business entity supplemental (with Section 11 being the signature for the completed sections). Collecting this information is necessary to ensure that all the information the Bureau requires is reported and that all business entities (cardroom and TPPPS) are treated the same and submit the same information.

- Subsection (d) provides for the criminal record check forms. If an applicant is a resident of California, then the standard Live Scan service is available. Out of State residents must submit an Applicant Fingerprint Card, FD-258.
 1. Paragraph (1) provides that a resident of California must submit a completed Request for Live Scan Service and is amended to clarify that the form must have an application transaction identifier (ATI number) that is unique from any previously submitted to the Bureau. Submittal of a previously used ATI number prevents the Bureau from receiving updated information necessary to complete their review. This amendment enables the Bureau to receive an updated criminal history report with each new form submitted.
 2. Paragraph (2) provides that an applicant who is not a California resident must submit an Applicant Fingerprint Card. Specifically, the provision requires two “copies” of the form. This is inconsistent with Section 12114⁵, which provides the requirements for renewal applications and requires the applicant to submit two Applicant Fingerprint Cards. This provision is amended to be consistent with Section 12114 and no longer require “copies.”

⁵ Section 12114(c)(4)(B)

- New subsection (g) is proposed to provide that when an application is for a cardroom endorsee license or TPPPS endorsee license in good standing, then the applicant does not need to include the otherwise required supplemental information forms required in subsection (b), or the applicable background deposits required by Bureau regulations. This provision is necessary to implement Business and Professions Code section 19851(c), which provides that the Commission may waive, for applicants who hold a license in good standing, the submittal of supplemental forms and background deposits, which are required in Section 12112(g).

It is important to note that Business and Professions Code section 19851(c) only provides the waiver of *required* background investigation and fees but does not prohibit the Bureau from conducting a background investigation if the information provided on the application, or otherwise known to the Bureau, causes the Bureau to conduct a background investigation. Should the Bureau initiate a background investigation, the Bureau is able to collect, with its own authority, additional sums as necessary to cover the costs of their investigation.

Amend Section 12114. Renewal License Applications; Required Forms.

Section 12114 provides what must be submitted to the Bureau for a renewal application to be considered complete and the timelines under which it must be submitted.

- Subsection (c) provides the criteria for a complete renewal application. Renumbered subparagraph (2)(A) provides that an investigation deposit must be submitted, as required by Bureau regulations. New subparagraph (B) provides that if the applicant holds a license in good standing the applicant does not need to submit a background deposit. This provision is necessary to implement Business and Professions Code section 19851(c), which provides that the Commission may waive, for applicants who hold a license in good standing, the submittal of background deposits, which are required in Section 12112(g). Current Commission regulations do not require that a supplemental background form be collected in conjunction with a renewal application; therefore, no proposed amendments are included at this time.

It is important to note that Business and Professions Code section 19851(c) only provides the waiver of *required* background investigation and fees but does not prohibit the Bureau from conducting a background investigation if the information provided on the application, or otherwise known to the Bureau, causes the Bureau to conduct a background investigation. Should the Bureau initiate a background investigation, the Bureau is able to collect, with its own authority, additional sums as necessary to cover the costs of their investigation.

Additionally, subparagraph (4)(A) provides that a resident of California submits a completed Request for Live Scan Service with a renewal application. To match the amended in Section 12112(d)(1), this provision is amended to clarify that the form must have an application transaction identifier (ATI number) that is unique from any previously submitted to the Bureau. Submittal of a previously used ATI number prevents the Bureau from receiving updated information necessary to complete their review. This amendment enables the Bureau to receive an updated criminal history report with each new form submitted.

- Subsection (d) requires that all endorsed licensees must provide renewal applications and must be repealed. Prior to AB 1271, all endorsee license applications had to be submitted in conjunction with the business license application. However, pursuant to AB 1271, Business and Professions Code section 19876(d) was repealed. Business and Professions Code section 19876(d) previously provided that when a business license was approved it meant the effective approval of all endorsees. These amendments, including the adoption of the new multi-owner type license, will ensure that everyone is licensed but allows for each license to have its own two-year timeline.

Amend Section 12116. Processing Timelines for Applications.

Section 12116 provides for the timelines for application review.

- Subsection (a) provides the following processing timelines and application requirements:
 1. Paragraph (1) provides that the Bureau must review an application within 10 business days after the receipt of an application. A non-substantive change from “ten” to “10” has been made.
 2. Paragraph (2) provides that the Bureau will review an applicant’s supplemental information forms and notify them of any deficiencies. This provision also provides that even should the application be deemed complete, the Bureau may, pursuant to its authority under Business and Professions Code section 19866, require the applicant to submit additional information. This provision is amended to add a reference to Business and Professions Code section 19867, which provides the Bureau’s authority to require the deposit of additional sums of money needed to complete the investigation. This amendment does not provide any new authority to the Bureau or alter the process; however, now that the new provisions allow for the waiver of any *required* deposits, referencing the Bureau’s authority to collect additional sums is necessary to provide clarity to the limitations of the new processes.

REQUIRED DETERMINATIONS:

LOCAL MANDATE:

A mandate is not imposed on local agencies or school districts.

UNDERLYING DATA:

None

BUSINESS IMPACT:

The Commission has determined that the proposed regulatory action will not have a significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. This determination is based on the following facts or evidence/documents/testimony:

This proposed action imposes no new mandatory requirements on businesses. The proposed action provides a way for owners of cardrooms and TPPPS to streamline their bi-annual renewal process.

SPECIFIC TECHNOLOGIES OR EQUIPMENT:

The proposed action does not mandate the use of specific technologies or equipment.

ECONOMIC IMPACT ASSESSMENT/ANALYSIS:

IMPACT ON JOBS/NEW BUSINESSES:

The Commission has determined that this regulatory proposal will not have a significant impact on the creation of new jobs or businesses, the elimination of jobs or existing businesses, or the expansion of businesses in California.

The basis for this determination is that this proposed action provides a way for owners of cardrooms and TPPPS to streamline their bi-annual renewal process, which is unlikely to result in additional or reduced industry participation or performance.

HEALTH AND WELFARE OF CALIFORNIA RESIDENTS:

It has been determined that the proposed action will protect the health, safety, and general welfare of California residents by aiding and preserving the integrity of controlled gambling.

WORKER SAFETY:

It has been determined that the proposed action will not affect worker safety because it does not pertain to working conditions or worker safety issues.

STATE'S ENVIRONMENT:

It has been determined that the proposed action will not affect the state's environment because it does not pertain to environmental issues.

CONSIDERATION OF ALTERNATIVES:

No reasonable alternative to the regulations would be more effective in carrying out the purpose for which the action is proposed. No reasonable alternative would be as effective as and less burdensome to affected private persons than the proposed action, nor would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.