

TITLE 4.
CALIFORNIA GAMBLING CONTROL COMMISSION

NOTICE OF PROPOSED REGULATORY ACTION
Multi-Owner Type Licenses
CGCC-GCA-2025-03-R

NOTICE IS HEREBY GIVEN that the California Gambling Control Commission (Commission) is proposing to take the action described in the Informative Digest after consideration of all relevant public comments, objections, and recommendations received concerning the proposed action. Comments, objections, and recommendations may be submitted as follows:

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Commission at any time during the 45-day public comment period, which closes on **October 27, 2025**. Written comments relevant to the proposed regulatory action may be sent by mail, facsimile, or e-mail, directed to one of the individuals designated in this notice as a contact person. To be eligible for the Commission's consideration, all written comments must be **received at its office no later than October 27, 2025. Comments sent to persons and/or addresses other than those specified under Contact Persons, or received after the date specified above, will be included in the record of this proposed regulatory action, but will not be summarized or responded to regardless of the manner of transmission.**

PUBLIC HEARING

The Commission has not scheduled a public hearing on this matter. Any interested person, or their authorized representative, may request a hearing pursuant to Government Code section 11346.8. A request for a hearing should be directed to the person(s) listed under Contact Persons no later than 15 days prior to the close of the written comment period.

ADOPTION OF PROPOSED ACTION

After the close of the public comment period, the Commission, upon its own motion or at the instance of any interested party, may thereafter formally adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. Except for technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as the primary contact person and will be mailed to those persons who submit oral or written testimony related to this proposal or who have requested notification of any changes to the proposal.

AUTHORITY AND REFERENCE

Pursuant to the authority vested by sections 19811, 19823, 19824, 19840, 19841, 19850, 19851, 19853, 19855 and 19984 of the Business and Professions Code; and to implement, interpret or make specific sections 19801, 19811, 19823, 19824, 19841, 19850, 19851, 19852, 19853, 19855, 19864, 19865, 19866, 19867, 19868, 19880(d), 19883, 19890(e), 19893 and 19984 of the Business and Professions Code, the Commission is proposing to adopt the following changes to Chapters 1 and 2 of Division 18 of Title 4 of the California Code of Regulations:

INFORMATIVE DIGEST AND POLICY STATEMENT

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 Department of Justice (DOJ), Bureau of Gambling Control (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.

EXISTING LAW:

Business and Professions Code (BPC) section 19824 provides that the Commission shall have all powers necessary and proper to enable it fully and effectually to carry out the policies and purposes of the Gambling Control Act (Act).

BPC section 19826 provides the responsibilities of the DOJ, including to receive and process applications for any license, permit, or other approval, and to collect all related fees.

BPC section 19840 provides that the Commission may adopt regulations for the administration and enforcement of the Act. Additionally, the Commission's regulations, to the extent appropriate, shall take into consideration the operational differences of large and small businesses.

BPC section 19841 provides a list of regulations that the Commission must adopt, including regulations prescribing the manner and method of collection and payment of fees and implementing the provisions of the Act relating to licensing and other approvals.

BPC section 19851 provides that the Commission may waive applicant requirements to applicants who possess a state gambling license in good standing and shall adopt regulations to implement a new owner license type that allows a person or entity to be endorsed on the license certificate of multiple gambling establishments.

BPC section 19984 provides that the Commission shall establish regulations related to TPPPS, including the establishment of reasonable fees and deposits as necessary to defray the costs of providing regulation and oversight.

EFFECT OF REGULATORY ACTION:

This proposed action establishes a multi-owner type license for owners of cardrooms and TPPPS businesses to consolidate their various endorsements into a single license process. Additionally,

the proposed action provides that endorsees in good standing will have specified application requirements waived.

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.

SPECIFIC PROPOSAL:

This proposed action will make changes within the California Code of Regulations, Title 4, Division 18 as follows:

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.
- 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.
- Subsection (ae) provides the definition for “initial license.” This definition differentiates between different types of initial licenses and is amended to include references to “initial cardroom multi-owner license,” “initial TPPPS multi-owner license,” and “initial multi-owner type license.”
- 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.
- 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.
- 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.

- Subsection (ar) provides the definition for “renewal license.” This definition differentiates between different types of renewal licenses and is amended to include references to “renewal cardroom multi-owner license,” “renewal TPPPS multi-owner license,” and “renewal multi-owner type license.”
- 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.

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.

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.
- 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).”

Subsection (c) has been further amended to require any valid license number(s) issued by the Commission to be provided. 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.

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. 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.

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.

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. A new question pertaining to a change in contact information has been added to the form.

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.”
- The place to provide the name of the “Associated Owner Category Licensee” is removed from page 1.
- 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).
 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.
 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.
 - 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.
 - c. A question for temporary license (initial only) is added.
 - d. A question related to late submittals is added (for cardroom renewals only).
 - e. A question is added about good standing.
 - f. A question is added about applying for a multi-owner type license.
 - 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.
- 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.
 - 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.

- b. A new question pertaining to other sources of income has been added to the list of questions.
 - c. A new question pertaining to a change in contact information has been added to the form.
- 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 row has been added to indicate the name of the business licensee.
- 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.
 - 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.
- 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. 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).
 - 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.
- 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.

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

- The place to submit the name, title, associations, and application type are removed from page 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).
- 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, 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.
- 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.
- 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.

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).

- 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.
 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 provision is amended to be consistent with Section 12114 and no longer requires “copies.”
- 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.

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.

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 amendment to 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.

- Subsection (d) requires that all endorsed licensees must provide renewal applications and is proposed to be repealed.

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.

CONSISTENCY OR COMPATIBILITY WITH EXISTING STATE REGULATIONS:

The Commission has evaluated this regulatory action and determined that the proposed regulations are neither inconsistent nor incompatible with any other existing state regulations.

COMPARABLE FEDERAL LAW:

There are no existing federal regulations or statutes comparable to the proposed regulations.

FISCAL IMPACT ESTIMATES

FISCAL IMPACT ON PUBLIC AGENCIES INCLUDING COSTS OR SAVINGS TO STATE AGENCIES OR COSTS/SAVINGS IN FEDERAL FUNDING TO THE STATE:

The Commission has determined that there will be no impact on any public agency regarding federal funding. The determination of annual fees and transfer of required documents due to the sale of a business do not pertain to federal funding or any federal program.

NON-DISCRETIONARY COST OR SAVINGS IMPOSED UPON LOCAL AGENCIES: None.

MANDATE IMPOSED ON ANY LOCAL AGENCY OR SCHOOL DISTRICT FOR WHICH PART 7 (COMMENCING WITH SECTION 17500) OF DIVISION 4 OF THE GOVERNMENT CODE REQUIRES REIMBURSEMENT: None.

COST TO ANY LOCAL AGENCY OR SCHOOL DISTRICT FOR WHICH PART 7 (COMMENCING WITH SECTION 17500) OF DIVISION 4 OF THE GOVERNMENT CODE REQUIRES REIMBURSEMENT: None.

EFFECT ON HOUSING COSTS: None.

IMPACT ON BUSINESS:

The Commission has determined that this regulatory proposal 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.

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.

COST IMPACT ON REPRESENTATIVE PRIVATE PERSON OR BUSINESS:

The Commission is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

EFFECT ON SMALL BUSINESS:

The Commission has determined that the proposed regulatory action would not affect small businesses as the proposed action only modifies existing subpoena requirements.

RESULTS OF 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 or elimination of jobs within California, creation of new businesses or the elimination of existing businesses, or the expansion of businesses currently doing business within the State.

The basis for this determination is that this proposed action does not impose a new fee or other requirement on new or existing businesses but only provides owners of cardroom and TPPPS in good standing to apply for multi-owner type licenses and/or reduced requirements for their license applications.

BENEFITS OF PROPOSED REGULATION:

The proposed regulations are anticipated to streamline and reduce requirements for the licensure processes for existing and future owners of cardrooms and TPPPS businesses.

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

The Commission must determine that no reasonable alternative considered by the Commission or that has otherwise been identified and brought to the attention of the Commission would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

INITIAL STATEMENT OF REASONS, INFORMATION AND TEXT OF PROPOSAL

The Commission has prepared an Initial Statement of Reasons and the exact language for the proposed action and has available all the information upon which the proposal is based. Copies of the language and of the Initial Statement of Reasons, and all the information upon which the proposal is based, may be obtained upon request to the Commission at 2399 Gateway Oaks Drive, Suite 220, Sacramento, CA 95833-4231.

AVAILABILITY AND LOCATION OF THE RULEMAKING FILE AND THE FINAL STATEMENT OF REASONS

All the information upon which the proposed action is based is contained in the Rulemaking File that will be available for public inspection and copying at the Commission's office throughout the rulemaking process. Arrangements for inspection and/or copying may be made by contacting the primary contact person named below.

You may obtain a copy of the Final Statement of Reasons, once it has been prepared, by making a written request to one of the contact persons named below or by accessing the Commission's website also listed below.

CONTACT PERSONS

All comments and inquiries concerning the substance of the proposed action should be directed to the following **primary** contact person:

Joshua Rosenstein, Legislative and Regulatory Specialist
Legislative and Regulatory Affairs Division
California Gambling Control Commission
2399 Gateway Oaks Drive, Suite 220, Sacramento, CA 95833-4231
Telephone: (916) 274-5823
Fax: (916) 263-0499
E-mail: jrosenstein@cgcc.ca.gov

Requests for a copy of the Initial Statement of Reasons, proposed text of the regulation, modified text of the regulation, if any, or other technical information upon which the proposed action is based should be directed to the following **backup** contact person:

Alex Hunter, Legislative and Regulatory Specialist
Legislative and Regulatory Affairs Division
California Gambling Control Commission
2399 Gateway Oaks Drive, Suite 220, Sacramento, CA 95833-4231
Telephone: (916) 263-1301
Fax: (916) 263-0499
E-mail: ahunter@cgcc.ca.gov

WEBSITE ACCESS

Materials regarding this proposed action are also available on the Commission's website at www.cgcc.ca.gov.