

CALIFORNIA GAMBLING CONTROL COMMISSION

CALIFORNIA CODE OF REGULATIONS

TITLE 4. BUSINESS REGULATIONS

DIVISION 18. CALIFORNIA GAMBLING CONTROL COMMISSION

CHAPTER 3

AMENDMENT OF SECTION 12270

SECTION 100. CHANGES WITHOUT REGULATORY EFFECT

Pursuant to Title 1, Division 1, Chapter 1, Article 2, Section 100(b)(1), of the California Code of Regulations (CCR), the California Gambling Control Commission (Commission) submits this written statement of explanation why the proposed changes to CCR Title 4, Division 18, Chapter 3, Section 12270 have no regulatory effect.

INTRODUCTION

In 2020 the Commission initiated a rulemaking action entitled “Licensing,” OAL Matter Number 2020-1013-02. The Order of Adoption for that rulemaking, in part, provided changes in terminology and definitions for the Commission’s regulations. The proposed changes are technical corrections to errors in that filing and are restricted to Title 4, Division 18, Chapter 3, Article 3, Section 12270.

PROPOSED CHANGES TO TEXT

Section 12270, subsection (b), paragraph (13) proposed amended:

Any agreement between the TPPPS business licensee and the cardroom business licensee for TPPPS business licensees or TPPPS supervisors licensees to inspect or receive a copy of surveillance recordings of tables at which proposition player services are provided under the TPPPS contract during the times the services are provided, as necessary for business purposes.

The Commission proposes grammatical correction from the plural “TPPPS supervisors licensees” to the singular “TPPPS supervisor licensees” for consistency with references to the other license types in the singular form (i.e. “business” and “employee”) throughout this Section. This change from the plural to singular does not materially alter rights and responsibilities.

Section 12270, subsection (b), paragraph (15) proposed amended:

That any legal dispute between the TPPPS business licensee and the cardroom business licensee, including any exclusion of a ~~licensed~~ TPPPS category licensee covered by the contract with the cardroom business licensee must be reported in writing within ten calendar days by the TPPPS business licensee and the cardroom business licensee to both the Commission and the Bureau.

The Commission proposes grammatical correction from the redundant “a licensed TPPPS category licensee” to “a TPPPS category licensee.” The removal of the redundant word “licensed” does not materially alter rights and responsibilities.

Section 12270, subsection (c), paragraph (1) proposed amended:

Except as expressly authorized by this subsection, a TPPPS contract may not include any provision authorizing payment to or receipt by the cardroom business licensee, or a designee thereof, of any share of the profits or revenues of the TPPPS business licensee. Any payments made by a TPPPS business licensee to the cardroom business licensee for a purpose determined by agreement with the cardroom business licensee must be specifically authorized by the TPPPS contract. All payments must be specified in the TPPPS contract. The TPPPS contract must identify the total charge for each of the following categories: services, facilities, and advertising. In addition, the TPPPS contract must include a detailed list, excluding specific costs, of the items provided or received in each of these categories.

The original, "...[a]ny payments made by a **registrant or licensee** to the house for a purpose determined by agreement with the house shall..." suffered lack of consistent translation to the new terminology of the 2020 "Licensing" rulemaking. The resulting, "[a]ny payments made by a **licensee** to the cardroom business licensee..." is vague. The Commission desires that this oversight be corrected for specificity and consistency with the preceding sentence of (c)(1), which designates the cardroom as the recipient of payments by the TPPPS business licensee. TPPPS contracts are only between two parties: the TPPPS business licensee and the cardroom business licensee. Since the payment is made to the cardroom licensee, the only legally tenable interpretation is that the TPPPS business licensee would make the payment.

SPECIFIC FINDINGS

With respect to the foregoing, the Commission finds as follows:

NECESSITY

The Bureau of Gambling Control (Bureau) is charged with the pre-approval of any agreement, contract, or arrangement between a gambling enterprise and a third-party provider of proposition player services. The Commission is charged with the promulgations of regulations for the criteria of third-party provider of proposition player service contracts. The Commission is also charged with protecting the integrity of controlled gambling in this state.

The proposed technical corrections in this Section fulfill the Commission's obligation to promulgate effective regulations.

THE PROPOSED ACTION HAS NO REGULATORY EFFECT

As described in separate and previous detail, the Commission believes that none of the proposed changes would intentionally or materially alter any requirement, right, responsibility, condition, prescription, or other regulatory element of any CCR provision.