



INDUSTRY MATTERS

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Chairman reinforces importance of full disclosure for applicants

By Jim Evans
Commission Chairman

Much of the work of a Commissioner on the California Gambling Control Commission is examining and judging the character of those who apply for gambling licenses. It's right there in the code: "No license shall be issued unless ... the commission is satisfied ... that the applicant is ... a person of good character, honesty, and integrity."



So how do you define character? The late UCLA basketball coach, John Wooden, defined character as what you do when no one is watching. Of course, this definition presents a puzzle for the gambling regulator — it's difficult, if not impossible, to create an environment where you can watch an applicant working on an ordinary day when he or she doesn't know you're watching.

So the commissioners have to make decisions based on the official record, including the application, background investigation, and other supplemental materials. That information, along with the testimony of the applicant, helps show us whether an applicant is a person of good character, honesty, and integrity, and it forms the basis of whether we approve or deny a license.

Most applications are fairly straightforward. When there are issues, commissioners see a lot of DUI convictions, many failure-to-appear or failure-to-pay problems, and large amounts of debt. These issues don't typically result in a denial of a license on their own. Commissioners understand

that people can't always be perfect. The hope is that with steady work and a regular paycheck, an applicant can overcome past problems. But things go horribly wrong for applicants when they fudge or withhold the facts. Far too often, applications are submitted that omit previous convictions. Occasionally, commissioners see an applicant's story that doesn't jive with official documents such as police reports or court records.

These are often the most difficult cases because the underlying convictions often happened long ago and/or don't rise to the level of license denial on their own. But once you lie about them or omit them from your official application — under penalty of perjury — it can become the basis of license denial.

Why is obfuscation important to the regulator? Very simply, the entire regulatory system is based on market participants telling the truth. It's called situational ethics; if an applicant is willing to lie or obscure the facts to regulators in order to get a job, it's a good possibility that same person would be willing to lie, obscure, or cheat in order to keep a job.

In short, regulators must know that when they enter a cardroom to investigate a problem, the licensed employees of that cardroom will tell them the truth. This is why we take the application seriously. The Commission's role, after all, is to ensure that California, "... gambling is conducted honestly, competitively, and free of criminal and corruptive elements."

Is this to say that if someone forgot to put a DUI on his or her application that person will automatically lose their

CGCC Calendar

Upcoming Licensing Meetings

- July 13
July 27
Aug. 28 (Monday)
Sept. 7
Sept. 21

Gaming Policy Advisory Committee Meetings

July 13 at 1:30 p.m.

Upcoming State Holidays (Office Closed)

- July 4 (Independence Day)
Sept. 4 (Labor Day)

license? Of course not. Commissioners thoughtfully look at all the evidence, listen to testimony and ultimately debate with each other about the relevance of facts, lies, and omissions. However, an omission of even a relatively minor conviction will draw regulators' attentions.

That's why I encourage all cardroom owners to ensure that their employees understand they must fill out the applications clearly and completely. They should let employees know what it means to sign under penalty of perjury. They should explain that it's better to disclose convictions rather than hide them. If an applicant isn't fluent in English, a cardroom should do what it can to ensure that person understands the application and the potential ramifications of lying or concealing the truth.

By taking these steps, cardroom operators will know more about their employees, avoid potentially losing them to license denial, and prevent a costly defense for a trusted employee and/or time away from the business.

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Commissioner
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Commissioner
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Have ideas to make regulations better? Public welcome to take part in rulemaking

By **Nina Tantraphol**
Regulatory and Legislative Specialist

The California Gambling Control Commission is committed to ensuring that stakeholders are informed and involved in the rulemaking process. The Commission values and encourages public participation to ensure a fair and responsible gaming industry.



As a state agency, the Commission follows the rulemaking procedures and standards established by the Administrative Procedure Act (APA). All Commission regulatory proposals must satisfy these requirements before being adopted. APA requirements are designed to provide the public with a meaningful opportunity to participate in the adoption, amendment, or repeal of regulations, and to ensure regulations are clear, necessary, and legally valid.

Anyone can participate in the development of regulations in the following ways:

Join the Commission's Mailing List

To receive notifications on upcoming public workshops and public hearings concerning proposed regulations, complete the Rulemaking Mailing List Email Subscription Form available on the Commission's website. To access this form, [subscribe on the website](#), or click on the link to the form from the Regulations Web page (link below).

Visit the Regulations Web Page

The Regulations Web page contains information on current and previous regulatory actions, including proposed regulation text and the initial statement of reasons, as well as public workshops. [Click here to visit the Web page.](#)

Provide Comments

A 45-day opportunity to submit written or e-mailed comments on any part of a

REGULATORY CLEAN-UP

The Gaming Policy Advisory Committee (GPAC) has initiated work on a "Regulatory Clean-Up" project and will be reviewing the Cardroom and Third-Party Providers of Proposition Player Services regulations for areas within our current regulations that may benefit from review and proposed revisions. If you have areas of the regulations that you would like added to this review, please email your suggestions to gpac@cgcc.ca.gov.

proposed regulation starts when the notice of proposed rulemaking is published in the California Regulatory Notice Register. [The Notice Register may be accessed online.](#) The notice of proposed rulemaking is also sent to the Commission's mailing list subscribers and posted on the Commission's website. The notice may include information on a public hearing, at which you may comment on the proposal orally and/or in writing. Throughout the rulemaking process, additional 15-day opportunities for public comment are given for any substantive modifications to the original proposal.

Read the Industry Matters Newsletter

The newsletter provides important updates relevant to the industry as well as information on any significant pending or recently adopted regulations.

To learn more about public participation opportunities, [visit the Office of Administrative Law's website](#) and scroll to the "Guide to Public Participation in the Regulatory Process" link.

HAIL AND FAREWELL

Quinn Hedges has been promoted effective May 29, 2017, to Licensing Manager from his previous position as Licensing Analyst. Hedges has been with the Commission for nine years.

Eric Petosky resigned June 30, 2017, as the Public Information Officer to pursue a law degree on a full-time basis. Petosky has been with the Commission for 18 months.

TRADESHOW HIGHLIGHTS GAMING FUTURE

Commissioner Hammond attends NIGA 2017, gets sneak-peek at evolution of classic games as Tribal casinos embrace hottest new trends

By Lauren Hammond
Commissioner

I was lucky enough to attend the National Indian Gaming Association (NIGA) 2017 Tradeshow and Convention April 10th - 13th. It was held in beautiful San Diego at the convention center. It was very impressive. Approximately 7,000 industry professionals attended the conference.



The theme this year was “Getting Back to Business” as the association returned to its roots. Nearly 100 classes divided by subject and policy area enabled attendees to gain critical information about the latest trends in the gaming industry. NIGA definitely made a statement with this year’s convention.

I attended panels on tribal gaming regulatory authority, gaming technology, Title 31 Anti-Money Laundering (AML) compliance, and tribal-state investments in problem gambling. The expert panelists were able to give real-world examples to the attendees. The moderator for the tribal gaming regulatory authority panel had been a tribal gaming commissioner, a tribal councilmember, and an executive of the tribal casino. There were decades of experience represented in that single room.

At the tradeshow portion of the event, I noticed the increase of skill-based games as the industry seeks to attract millennials. For example, at the Gamblit Gaming exhibit the vendor played



A dealer from Gamblit demonstrates how a “smart shoe” would be used in a variant of a popular card game during the National Indian Gaming Association 2017 Tradeshow and Convention. (Courtesy photo)

“Gamblit Poker Live” a three-card poker game. It utilizes a “smart shoe” that reads cards as they are drawn. It gives the player an idea of the value of the dealer’s down card. Variations of these “smart shoes” are in use in California today.

Another vendor used a similar device in a game called Down Under Blackjack. The smart shoe lets the player see the strength of the dealer’s hand (range of card value), which may help the players decide how to play their hands.

These new variations of classic games illustrate how the gambling industry is always evolving. This exhibition showcased the future of the industry. The social gaming evolution is happening now, and it behooves regulators to be familiar with the dynamic shift in industry trends.

NEW & NOTEWORTHY

Correspondence matters

When sending correspondence to the Commission regarding a licensing matter, please address it to the Deputy Director of the Licensing Division, Adrianna Alcalá-Beshara, with a courtesy copy to Executive Director Stacey Luna Baxter, Chief Counsel Todd Vlaanderen, and Assistant Director of the Bureau of Gambling Control Yolanda Morrow. This ensures your correspondence is received by the appropriate person and establishes a consistent, designated channel of communication. ***Please do not address any correspondence directly to the Commissioners.***

All correspondence should be submitted at least five business days prior to the scheduled Commission meeting.

In addition to the proper contacts at the Commission and Bureau, please remember to send copies to all parties involved in the licensing matter. Business and Professions (B&P) Code section 19872 defines “ex parte communication” as a communication without notice and opportunity for all

parties to participate in that communication. In the interest of fair and transparent regulation of the industry, it is essential for all parties to adhere to the limitations on ex parte communication as outlined in B&P Code section 19872 and California Code of Regulations section 12012.

Bureau relocation

The Bureau of Gambling Control’s headquarters location in Sacramento has moved to a new facility. The address is:

Bureau of Gambling Control
Licensing – Suite 100
2450 Del Paso Road
Sacramento, CA 95834

Strategic Plan available to public

The Commission has completed its 2017-2019 strategic plan, and the final version may be accessed on the public website. On behalf of the Commissioners, Executive Director, Deputy Directors, and staff, special thanks to all stakeholders who participated in this important process. Your feedback is critical to addressing the concerns of the industry.

Temporary table limit increases

During the May 11, 2017, Commission meeting, commissioners approved the delegation of authority to approve or deny requests for additional temporary tables for tournaments to the Executive Director, pursuant to California Code of Regulations section 12358(e).

Previously, a request for a temporary table limit increase would be placed on an agenda to be considered by the Commission at a regular Commission meeting. This new process allows Commission staff to process these requests administratively, resulting in greater efficiency.

As a reminder, the request must still be received by the Bureau of Gambling Control no less than 45 days prior to the event that necessitates the temporary tables increase.

The process for a change in permanent tables will remain unchanged. Any reduction or addition of permanent tables must be approved by the Commission at an open meeting.

Getting to know Commission staff:

Adrianna Alcalá-Beshara – Deputy Director of Licensing

By Eric Petosky
Public Information Officer

Adrianna Alcalá-Beshara joined the Commission Feb. 21 as the Deputy Director of Licensing. Previously, she worked for the California Department of Healthcare Services. She recently took some time to answer a few questions to introduce herself to the industry she serves.

It's been just over four months; what is your impression of the Commission?

I am honored to be a member of a team of such a talented and gifted group of individuals. The difference of perspective from each of the Commissioners is also extremely fascinating. Especially just witnessing the legislative intent accomplished when individuals of various backgrounds adjudicate matters with differing opinions and viewpoints.

I truly am fortunate to be part of the Licensing Division team. The work is extremely interesting and rewarding. There are always new issues and matters presented before the Commission that present new challenges.

What personal experiences will serve you best here?

I believe my background in both regulations and licensing greatly assists me in the day-to-day functions as the Deputy Director of the Licensing Division. In the private sector, I consulted for various types of private sector licensees on regulatory and licensing matters, from the completion of applications to the judicial process.

In my state service tenure, I previously investigated licensing matters and complaints, and thereafter oversaw the licensure function for certain professional individual and business entity license types. My past provides me with a unique lens and perspective for my current role today.

What are you passionate about?

I am passionate about justice. It's the reason I attended law school and pursued a career in civil service. I know it is something quintessential in a functional society. I'm passionate about making a difference, and establishing and/or



Adrianna Alcalá-Beshara, Deputy Director of Licensing. (Courtesy photo)

maintaining healthy communities, businesses, individuals, and families. When I'm involved with an assignment at work, I want to do my best to arrive at the best solution. I feel the same way about what I do in my personal life.

Customer service is a big part of licensing; what part of customer service is most important to you and why?

There really isn't one most important facet for me; there are many factors for me that are equally important. Customer service is an integral part of our job.

Someone once told me that in leadership, the right decision or stance is not always the most popular, but popular or not, always make sure you understand and clearly communicate the "why" in your actions with tact.

I believe this is an integral component of customer service as well. Other essential components are to be a good listener, identify and anticipate needs, ensure customers that they know they are important and valued, and to get regular feedback.

We will have an upcoming survey that we look to do annually to determine and facilitate opportunities for growth so readers please be on the lookout.

Any changes to licensing on the horizon?

The Division is currently in the process of hiring additional analysts and recently promoted an analyst of nine years to the Staff Services Manager I position within the Division. I believe each current staff

member contributes a unique set of skills, and I'm looking forward to seeing which skills the incoming staff members will bring. I look forward to seeing them continue to develop their skills and knowledge to better serve the Commission and our stakeholders.

I have always considered myself a strong proponent of continuous improvement. At this time I am still learning the landscape, but look forward to opportunities for further growth and progression.

Any message for the industry?

I am always eager to learn. I look forward to strengthening our relationship by working together to ensure integrity and trust in the controlled gambling industry in California. I look forward to working with you all.

HEARING RESULTS

(April 1 – June 30)

Stipulated Settlements:

The California Gambling Control Commission approved a stipulated settlement agreement between Mark Adam of Oceana Cardroom and the California Bureau of Gambling Control. The settlement agreement resolves a pending accusation and a pending renewal application and was effective Apr. 6, 2017. Mr. Adam ceded control of Oceana Cardroom to an unlicensed entity contrary to the California Gambling Control Act and misled regulators about the relinquishment.

Mr. Adam's state gambling license was revoked, but the revocation was stayed for a period of 12 months to allow him the opportunity to sell the cardroom solely to preserve the Oceana Cardroom license. Furthermore, Mr. Adam is prohibited from any involvement in controlled gambling activity within the state of California for a period of 15 years.

Cardroom Establishment & Owner License Renewal:

S&K Cardroom & Otho M. Smith, denied via a default decision on June 22

Provider License Renewal:

Dog Named Blue, denied June 8

Key/Tribal Key Employee:

Il Koo Lee, approved Apr. 6

Jeffrey-Jon Sambrano, denied Apr. 20

Hue Vang, approved May 11