

GAMBLING REGULATIONS
Title 11. Law
Division 3. Gambling Control
(As captured October 1, 2007)

Title 11. Law; Division 3. Gambling Control

CHAPTER 1. THE DIVISION OF GAMBLING CONTROL

ARTICLE 1. DIVISION OF GAMBLING CONTROL POWERS AND JURISDICTION

Section 2000. Jurisdiction.

The following regulations are adopted by the Director of the Division of Gambling Control (Division) pursuant to the Gambling Control Act ("Act") commencing with Business and Professions Code section 19800.

Authority: Sections 19826(f) and 19827 of the Business and Professions Code.

Reference: Sections 19826 and 19827 of the Business and Professions Code.

Section 2001. Exemptions and Extensions for Compliance.

Upon a showing of good cause, the Director, in his or her sole discretion, may grant a temporary exemption or extension of time only for any of the requirements or deadlines provided for in these regulations. Such exemption or extension shall be in writing and designate a specific time period for the exemption or extension.

Authority: Sections 19826(f) and 19827 of the Business and Professions Code.

Reference: Section 19826 of the Business and Professions Code.

ARTICLE 2. DEFINITIONS

Section 2010. Definitions.

For purposes of these regulations, the following terms have the following meanings:

(a) "Act" means the California Gambling Control Act, Chapter 5 (commencing with Section 19800), of Division 8, of the Business and Professions Code.

(b) "Approval" means authorization by the Division for certain acts, transactions, events and/or processes as provided in the Act.

(c) "Chip" means a tangible representative of value issued by a licensee to a patron to use only as a wager at table games or as a tip while playing at table games at a licensee's gambling establishment.

(d) "Day" means calendar day unless otherwise specified.

(e) "Designated Agent" means a person(s) appointed by the owner(s) of a gambling establishment or the primary owner of a third-party provider of proposition player services or gambling business to serve as their representative.

(f) "Gaming Activity" means any activity or event including, but not limited to, jackpots, bonuses, promotions, cashpots, tournaments, etc., that is appended to or relies upon any controlled game.

(g) "Wager" means a sum of money or thing of value risked or bet on the outcome of a controlled game.

Authority: Sections 19800, 19801, 19803, 19810, 19850 and 19910, Business and Professions Code.

Reference: Sections 19805(f), 19851, 19854, 19867, 19880, and 19890, Business and Professions Code and Sections 15001, 15001.1, and 15001.2, Government Code.

ARTICLE 3. ADMINISTRATION

Section 2020. Service of Notices, Orders and Communications.

(a) Except as otherwise provided by law or these regulations, notices and other written communications shall be sent to an applicant, licensee, or designated agent by first-class mail, at the address of the establishment, unless a different address is otherwise designated by the applicant, licensee, or designated agent.

(b) The time specified in any such notice or communication shall commence to run from the date such mailing is postmarked.

(c) Any change of address shall be reported to the Division, in writing within 10 days of such change, and shall specifically request that all notices and written communications be sent to the changed address.

Authority: Sections 19826 and 19827 of the Business and Professions Code.

Reference: Section 19827 of the Business and Professions Code.

ARTICLE 4. LICENSURE QUALIFICATIONS AND REQUIREMENTS

Section 2030. Designated Agent.

(a) An applicant or a licensee may designate a person(s) to serve as their agent(s), on a form Appointment of Designated Agent, DGC-APP. 008 (Rev.09-03), incorporated by reference into Title 4, CCR, section 12270. The Division retains the right to exercise its discretion to disapprove, in whole or in part, such designation.

(b) In the discretion of the Division, an applicant or licensee may be required to appoint a designated agent(s) if the Division determines the need for such an agent(s) exists.

Authority: Sections 19826, and 19827 of the Business and Professions Code, and Stats. 1997, c. 867 (S.B.8), Section 66.5. **Reference:** Sections 19826.

Section 2037. Schedule of Investigation and Processing Costs.

(a) An applicant shall submit a deposit in accordance with Business and Professions Code sections 19867 and 19984, and Title 4, CCR, Chapters 2.1 and 2.2, in addition to the application fee required under Business and Professions Code section 19951(a), before the Division initiates any background investigation or review related to a license, a finding of suitability, or an approval. During the investigation or review, the Director may require an applicant to deposit any additional sums as are required to pay all costs and charges of the investigation or review. Additional deposits are due to the Division within fifteen (15) days from the date of the request for the required deposit. All costs and charges of the investigation or review must be paid before the Division may approve a contract or make a recommendation to the California Gambling Control Commission. The investigation or review concludes upon the California Gambling Control Commission's approval or denial of the application or the granting of a request to withdraw the application. For contracts, the review concludes upon the Division's approval or denial of the application or the request to withdraw the application. At the conclusion of the investigation or review, the Division shall provide the applicant with an itemized accounting of the costs incurred and shall refund any unused portion of the deposit.

(1) The Division's schedule of deposits for investigation and processing costs under Business and Professions Code section 19867 shall be as follows:

(A) An applicant (Sole Proprietor, Corporation, Partnership, Shareholder, Partner, etc.), other than a trust, for an initial State Gambling License, shall submit a deposit in the amount of \$5,000;

(B) An applicant for an initial State Gambling License that is a trust shall submit a deposit in the amount of \$900;

(C) An applicant for an initial State Gambling License as an uninvolved spouse with community

property interest shall submit a deposit in the amount of \$750;

(A) An applicant for an initial Key Employee License shall submit a deposit in the amount of \$1,200;

(E) An applicant (Sole Proprietor, Corporation, Partnership, Shareholder, Partner, etc.), other than a Trust, for a Renewal of a State Gambling License, shall submit a deposit in the amount of \$600;

(F) An applicant for a Renewal of a State Gambling License as an uninvolved spouse with community property interest shall submit a deposit in the amount of \$200;

(G) An applicant for a Renewal of a Key Employee License shall submit a deposit in the amount of \$200;

(H) If after a review it is determined that further investigation is needed, a deposit in the amount of \$200 shall be required for the review of an application for a Renewal of a State Gambling License for a Trust.

(I) An application for a Game or Gaming Activity review shall be accompanied by a deposit in the amount of \$315; and

(J) If after a review it is determined that further investigation is needed, a deposit in the amount of \$252 shall be required to review an amendment or change to any Division-approved game or gaming activity.

(2) The Division's schedule of deposits for investigation and processing costs under Business and Professions Code section 19984 and Title 4, CCR, Chapters 2.1 and 2.2, shall be as follows:

(A) An application for Proposition Player Contract approval shall be accompanied by a deposit in the amount of \$600;

(B) An application for Proposition Player Contract Amendment approval shall be accompanied by a deposit in the amount of \$450.

(C) A completed supplemental information package as defined in Title 4, CCR, Chapters 2.1 and 2.2 for Primary Owner or Owner shall be accompanied by a deposit in the amount of \$5,000;

(D) A completed supplemental information package as defined in Title 4, CCR, Chapters 2.1 and 2.2 for a Supervisor shall be accompanied by a deposit in the amount of \$1,200;

(E) A request for an expedited review of a Proposition Player Contract shall be accompanied by a deposit in the amount of \$360;

(F) If after a review of the supplemental information package as defined in Title 4, CCR, Chapters 2.1 and 2.2 of a Player or Other Employee it is determined that further investigation is needed, a deposit in the amount of \$315 shall be required;

Authority: Sections 19826, 19867, and 19984, Business and Professions Code.

Reference: Sections 19805(b), (i), and (j), 19827, 19853(b), 19867, 19950(b), 19951, and 19984, Business and Professions Code.

Section 2038. Required Forms.

In accordance with Title 11, CCR, section 2071, an applicant shall request approval from the Division prior to offering for play any game or gaming activity. The following application forms and instructions for making such requests are hereby incorporated by reference:

(a) DGC-APP. 026 (Rev. 01/05) Application for Game Review

(b) DGC-APP. 027 (Rev. 01/05) Application for Gaming Activity Review

Authority: Sections 19826(f) and (g), Business and Professions Code.

Reference: Sections 19826(f) and (g), and 19866, Business and Professions Code.

ARTICLE 5. OPERATION OF GAMBLING ESTABLISHMENTS

Section 2050. Owner or Key Employee on Premises.

(a) A gambling establishment shall have on the premises, at all times that the establishment is open to the public, an owner licensee or a key employee who shall have the responsibility and authority to ensure immediate compliance with the Act and these regulations.

(b) Subdivision (a) notwithstanding, gambling establishments with a reported gross revenue of less than \$200,000 for the preceding fiscal year, upon written request by the owner licensee, the Division, in its discretion, may approve a written plan whereby the owner licensee or a designated employee, who shall have the responsibility and authority to ensure compliance with the Act and these regulations, shall be promptly available by telephone. The plan shall identify each such individual by name, title, and telephone contact number, as well as identifying the days and hours available as the designated contact.

Authority: Sections 19826(f) and 19827, Business and Professions Code.

Reference: Sections 19920 and 19924, Business and Professions Code.

Section 2051. Gambling Chips.

Each gambling establishment shall maintain a set of chips for use at gambling tables. These chips shall be designed, manufactured, and constructed so as to prevent, the counterfeiting of such chips, and licensees may be required to submit their chips to the Division for approval.

Authority: Sections 19824A(f), 19825 and 19830 of the Business and Professions Code, and Stats. 1997, c. 867 (S.B.8), Section 66.5.

Reference: Section 19918 of the Business and Professions Code.

Section 2052. Information to be Furnished by Licensees.

(a) On or before January 1 and July 1 of each year, the gambling establishment shall submit to the Division a written report which identifies every person who at any time during the prior six months, received, or had a right to receive, payments which were calculated or based upon the earnings, profits or receipts generated from controlled gambling at the gambling establishment.

(b) On or before January 1 and July 1 of each year, the gambling establishment shall submit to the Division a written report which identifies every person to whom, at any time during the prior six months, any interest in the assets, earnings, profits or receipts of the gambling establishment have been pledged or hypothecated.

(c) Within five days of any owner licensee or key employee obtaining knowledge or notice of any possible violation of the Act or these regulations, a written report shall be submitted to the Division, which details the nature of the violation, the identities of those persons involved in the violation, and describes what actions have been taken to address the violation.

Authority: Sections 19826(f) and 19827 of the Business and Professions Code.

Reference: Section 19924 of the Business and Professions Code.

Section 2053. Adequate Financing.

(a) The Division may require a gambling establishment to present satisfactory evidence that there is adequate financing available to protect the public's health, safety and welfare.

(b) A gambling establishment shall maintain a separate, specifically designated, insured account with a licensed financial institution in an amount not less than the total value of the chips in use by the gambling establishment. The funds from that account may only be used to redeem the chips of that gambling establishment. That account may not be used as collateral, or encumbered or hypothecated in any fashion. Alternatively, the Division may allow the gambling establishment to provide some other form of security acceptable to the Division, in lieu of maintaining the required account.

(c) A gambling establishment shall maintain a separate, specifically designated, insured account with a licensed financial institution in an amount not less than the total amount of the monies that patrons of that gambling establishment have on deposit with the gambling establishment. The funds from that account may only be used to return to the patrons the balance of monies on deposit with the gambling establishment. That account may not be used as collateral, or encumbered or hypothecated in any fashion. Alternatively, the Division may allow the gambling establishment to provide some other form of security acceptable to the Division, in lieu of maintaining the required account.

Authority: Sections 19826(f) and 19827 of the Business and Professions Code.

Reference: Sections 19920 and 19924 of the Business and Professions Code.

ARTICLE 6. GENERAL REPORTING

Section 2060. Employee Reports.

(a) Upon request of the Division, a licensee shall promptly supply a list of all employees and each employee's job classification and job description.

(b) Within 10 days after making any changes in the organizational structure, an owner licensee shall submit to the Division an updated chart identifying such changes.

(c) On or before January 15 and July 15 of each year, each owner licensee shall submit a report identifying key employees, on a form provided by the Division, Key Employee Report, form DGC-LIC. 101 (Rev. 07-03), incorporated by reference into Title 4, CCR, section 12270.

Authority: Sections 19826(f), and 19827 of the Business and Professions Code, and Stats. 1997, c. 867 (S.B.8), Section 66.5.

Reference: Sections: 19805(q) and 19826 of the Business and Professions Code.

ARTICLE 7. GAMES

Section 2070. Unsuitable Gaming Activities.

It shall be an unsuitable method of operation for a gambling establishment to:

(a) Offer for play any game that is prohibited or made unlawful by statute, local ordinance, regulation, or final judgment by a competent court of law;

(b) Offer for play any gaming activity which is not authorized by the Division pursuant to the Act and these regulations for play at that gambling establishment;

(c) Fail to display at every table where a game is offered, the specific name of the game, or the variation thereof, that is then available for play at the table;

(d) Fail to give ample notice of the fee collection rates applicable to each table to the patrons of the gambling establishment;

(b) Fail to determine and collect applicable fees from all players at the table prior to the start of play of any hand or round; and,

(f) Fail to place in a conspicuous place, or make readily available to the patrons, a printed list of the rules of play for each gaming activity offered at the gambling establishment.

Authority: Sections 19826(f) and 19827 of the Business and Professions Code.

Reference: Sections 19801, 19826, 19866, and 19920 of the Business and Professions Code.

Section 2071. Gaming Activity Authorization.

(a) As part of the application for initial licensure, every applicant shall submit to the Division a report identifying all gaming activities proposed to be offered at the gambling establishment. The report shall include, but not be limited to, the following:

- (1) The name of each gaming activity;
- (2) The rules for each gaming activity, including, where applicable, a description of the event that determines the winner of the gaming activity, the wagering conventions, and the fee collection and assessment methods;
- (3) A glossary of distinctive terms or phrases used in each gaming activity;
- (4) A statement for each gaming activity that explains why that gaming activity is not prohibited or made unlawful by statute, local ordinance, regulation, or final judgment by a competent court of law; and,
- (5) Such other information the Division, in its discretion, requests. Unless a reported gaming activity is specifically disapproved by the Division, all gaming activities identified in the required report shall be deemed authorized upon issuance of the initial license. It shall be an unsuitable method of operation to offer for play any gaming activity that was not specifically identified in the required report, without first obtaining authorization from the Division to do so.

(b) At any time after initial licensure, a gambling establishment may request the Division to authorize a gaming activity which has not been previously authorized by the Division, for use at that establishment. Within 30 days of a request for authorization of a gaming activity, the Division

shall review the request for completeness and notify the licensee of any deficiencies in the request, or that the request is complete. Within 90 days from the date a licensee is notified that the request is complete, the Division shall act on the request. The request shall include, but not be limited to, the following:

- (1) The name of each requested gaming activity;
- (2) The rules for each requested gaming activity, including, where applicable, a description of the event that determines the winner of the gaming activity, the wagering conventions, and the fee collection and assessment methods;
- (3) A glossary of distinctive terms or phrases used in each gaming activity;
- (4) A statement for each gaming activity that explains why that gaming activity is not prohibited or made unlawful by statute, local ordinance, regulation, or final judgment by a competent court of law; and,
- (5) Such other information the Division, in its discretion, requests. It shall be an unsuitable method of operation to offer for play any requested gaming activity without first obtaining authorization from the Division to do so.

(c) The Division, in its sole discretion, may temporarily authorize the play of a gaming activity during the pendency of the Division's review. The Division, in its sole discretion, may withdraw this temporary authorization at any time. Such temporary authorization does not create any presumption as to the suitability or lawfulness of the gaming activity, nor does it create any right, of any nature whatsoever, to the continuing play of the temporarily authorized gaming activity at the establishment.

(d) If upon subsequent review it is determined by the Division that a gaming activity is prohibited or made unlawful by statute, local ordinance, regulation, or final judgment by a competent court of law, then the authorization for that gaming activity shall be withdrawn.

(e) Within 10 days of service of notice from the Division either disapproving of, or withdrawing authorization for, a gaming activity as provided in subdivisions (a), (b) and (d) above, an objection thereto may be filed with the Director. The Director, in his or her discretion, may then grant or deny the objection. Judicial review of the Director's decision is subject to the limitation of Business and Professions Code Section 19804.

Authority: Sections 19826 and 19827 of the Business and Professions Code.

Reference: Sections 19801, 19826, 19865, 19866, 19920, 19924, and 19932 of the Business and Professions Code.

Section 2072. Report of Gaming Activities.

On or before January 1 and July 1 of each year, each licensed gambling establishment shall submit a report to the Division identifying all gaming activities offered at the gambling establishment at any time during the prior six months. The report shall include, but not be limited to, the following:

(a) The name of each gaming activity;

(b) The rules for each gaming activity, including, where applicable, a description of the event that determines the winner of the gaming activity, the wagering conventions, and the fee collection and assessment methods;

- (c) A glossary of distinctive terms or phrases used in each gaming activity;
- (d) The dates on which each gaming activity was offered;
- (e) Copies or transcripts of all advertisements used to promote the gaming activity; and,
- (c) Such other information the Division, in its discretion, requests.

Authority: Sections 19826 and 19827 of the Business and Professions Code.

Reference: Sections 19826 and 19866 of the Business and Professions Code.

ARTICLE 13. TRANSITIONAL PROVISIONS

Section 2140. Definitions.

For purposes of this Article, the following terms have the following meanings:

- (a) “Annual registration” means a registration issued under the former Gaming Registration Act (former Business and Professions Code Section 19800 et seq.).
- (b) “Conditional registration” means a registration issued pursuant to former Business and Professions Code Section 19807(c).
- (c) “Provisional license” means a license that is either granted by operation of law pursuant to Statutes of 1997, Chapter 867, Section 62, or is issued by the Director pursuant to that section.

Authority: Sections 19826(f) and 19827 of the Business and Professions Code.

Reference: Stats. 1997, c. 867 (S.B.8), Section 62.

Section 2141. Provisional Licenses.

- (a) A provisional license is held subject to the same conditions, restrictions, and limitations on the authorization granted by the predecessor annual or conditional registration.

(b) A provisional license is held subject to all terms and conditions under which a state gambling license is held pursuant to the Act.

(c) A provisional license creates no vested right to the issuance of a state gambling license.

Authority: Sections 19826(f) and 19827 of the Business and Professions Code.

Reference: Stats. 1997, c. 867 (S.B.8), Section 62(a) and (b)(1).

Section 2142. Presumption of Suitability.

(a) Every natural person who holds a provisional license as a result of holding a valid and unexpired annual registration, on December 31, 1997, shall be rebuttably presumed to be suitable for licensure pursuant to the Act.

(b) The rebuttable presumption described in Stats. 1997, ch. 867, section 62(g) subdivision

(a) shall not apply to any other holder of a provisional license.

Authority: Sections 19826(f) and 19827 of the Business and Professions Code.

Reference: Stats. 1997, c. 867 (S.B.8), Section 62(c) and (g).