

Initial Statement of Reasons

California Code of Regulations, Title 11. Law
Division 3. Gambling Control
Chapter 1. The Bureau of Gambling Control

Proposed Regulations: Gaming Activity Review (Tournament Series)

Summary

This rulemaking proposal is intended to clarify and streamline the Department of Justice, Bureau of Gambling Control's procedures and requirements for the approval of gaming tournaments offered for play at licensed gambling establishments within California.

Background

The Gambling Control Act (Act) assigns the Department of Justice, Bureau of Gambling Control (Bureau) the responsibility of approving the play of any controlled game in gambling establishments within California, including placing restrictions and limitations on how a controlled game may be played. The Act also mandates the adoption of regulations, which provide for the approval of game rules and equipment by the Bureau, to ensure fairness to the public and compliance with state laws.

Existing regulations require a gambling establishment to submit an application to the Bureau to authorize gaming activities for use in that establishment. Gaming activities are any activities or events that are appended to, or relies upon any controlled game. The Bureau must review and approve all gaming activity prior to the activity being offered in the gambling establishment. The request for approval of gaming activities must be submitted with an application fee of \$500 and an investigation deposit of \$315.

Once approved, gaming activities cannot be modified without Bureau approval. In order to make any modifications to approved gaming activities including tournaments, a gambling establishment must request the approval of each modification by submitting a request for a gaming activity modification with a \$252 investigation deposit. An investigation of the modification is necessary to ensure the modification does not violate any state law or local ordinance.

Members of the California gambling industry (industry) were consulted regarding this revised tournament series approval process and provided the Bureau with valuable information that resulted in these proposed regulations. The Bureau and the industry agreed these proposed regulations would streamline the tournament review process, which benefits both the Bureau and the gambling establishments.

Purpose and Rationale for Proposed Regulations

The purpose of this regulatory change is to reduce the burden on licensees with approved tournament structures to modify the tournaments that they may offer their patrons.

The proposed regulations will establish a new initial application process for the review and approval of one type of gaming activity, specifically tournaments, whereby the Bureau can generally approve a tournament structure with an allowable range of variations during the initial

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gaming activity review process. This will allow the gambling establishment to make changes to the tournament structure without having to submit to the Bureau a gaming activity modification request each time a change is made, as long as those variations are within the approved ranges specified in the initial tournament review application. This proposed tournament structure, as described, will be defined in regulation as a Tournament Series.

This new tournament series review process will decrease the number of requests for gaming activity modifications sent to the Bureau, and will allow the gambling establishments to respond more quickly to changes in the marketplace. The Bureau has determined that this new tournament series review process will not endanger the public health, safety, or welfare.

These proposed regulations will introduce a new gaming activity request for review form for a tournament series and detail the method by which the gambling establishments will be required to track the actual variations of all individual tournaments that are offered for play on or after the effective date of these regulations. This documentation is necessary to facilitate the regulation of the industry, investigate complaints, and ensure fairness to the public and compliance with state laws.

Section 2010. Definitions (Modify and Add)

This section clarifies the meaning of terms used throughout regulation.

Subsection (f) of Section 2010 would add the term “tournament series” to the already codified term “gaming activity”. The addition of “tournament series” to the “gaming activity” definition will differentiate between a one-time only tournament and a tournament structure with an allowable range of variations.

Subsection (h) of Section 2010 would codify the term and definition “tournament series”. The addition of the “tournament series” definition is necessary to explain the game structure variations of each tournament offered under the new tournament approval process.

Section 2038. Required Forms (Modify and Add)

This section lists the required application forms for requesting the approval of games and gaming activities.

Subsection (c) of section 2038 would be added to codify the new Application for Gaming Activity Review (Tournament Series) form, BGC-APP 027A (Rev. 09/08). The addition of the new application form is necessary in order to obtain the information required for a tournament series review under the new variable structure.

Subsection (d) of section 2038 would be added to codify the new Tournament Log form, BGC-LIC 106 (New 09/08). The addition of the new tournament log form is necessary in order to monitor ongoing compliance with approved gaming rules and to capture the game structure variations of each tournament offered under the new tournament series approval process.

Section 2073. Tournament Log (Add)

Section 2073 would be added to Chapter 1, Article 7 which establishes the minimum record keeping requirements for gambling establishments offering tournaments for play as part of an approved tournament series and specifies the record retention requirements for those records. Business and Professions Code section 19826 provides the authority for establishing section 2073.

Required Determinations

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Bureau did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

LOCAL MANDATE

These regulations do not impose any technical, theoretical, or empirical mandates on local agencies or school districts.

REASONABLE ALTERNATIVES TO THE PROPOSED REGULATIONS AND REASONS FOR REJECTING THOSE ALTERNATIVES.

The Bureau is not aware of any reasonable alternatives that would as effectively achieve the purpose of the proposed regulations.

REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON SMALL BUSINESSES

The Bureau is not aware of any reasonable alternatives that would lessen any adverse impact on small businesses.

IMPACT ON PRIVATE PERSONS

The Bureau is not aware of any reasonable alternatives that would be more effective or as effective and less burdensome to private persons.

IMPACT ON BUSINESS

The Bureau has made a determination that the proposed regulatory changes 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, and may provide a minor beneficial impact on business entities operating under the proposed tournament series approval structure.