



CITY OF CARSON

November 26, 2014

Wayne Quint, Jr.
Bureau Chief
Department of Justice
Bureau of Gambling Control
4949 Broadway Avenue, Room E231
Sacramento, California 95820

Re: Proposed Regulation of "No Collection Fee" Policy – Title 11, CCR, Section 2071 – **OPPOSED**

Dear Chief Quint:

I appreciate the opportunity to comment on the proposed regulations limiting or discouraging "no collection" policies in California card rooms and want to assert my strong opposition to the Bureau of Gambling Control's proposed regulations in this area.

I am particularly concerned for the welfare of communities like those in my district – including Crystal Casino in the City of Compton – where card rooms are strong drivers of economic growth and whose operations help to pay for public safety services including police and fire protections.

In general, card rooms are very important drivers of economic growth and stability in cities and local communities around the state. These communities would suffer economic and civic harm by overregulation of the legitimate competitive practices of these local businesses.

Moreover, the proposed regulations would, in effect, reverse a legislative decision not to move forward – to stop – recent legislation which would have achieved the same goal as the Bureau's proposed regulations. This is not the kind of policy-making that ought to be engaged in a regulatory agency. The State Legislature must, in my view, retain its prerogative to consider this significant policy matter, without a regulatory agency seeking to overturn its decisions or supersede its authority.

I would **oppose** all three of the proposed "No Collection" regulatory approaches the Bureau of Gambling Control has offered to card room owners, customers and other stakeholders. The three options would affect Title 11, Section 2071 of the California Code of Regulations, which pertains to the Bureau's authority to approve and authorize controlled games.

I support the existing interpretation of the law that grants card rooms the option to waive collection fees and believe that any new restrictions would have the effect of interfering with the ability of gaming establishments to price their services in a manner that would make them competitive with other gaming options or businesses in the surrounding market.

No other gaming businesses in California are forced to charge customers a fee per wager. So, any move to force the collection of fees -- including an approach mandating that card rooms apply for authorization before being allowed to waive their collection fees -- would punish card rooms for engaging in a practice that broadens and deepens the economic growth generated by their operations.

Collecting fees on top of a wager increases the price of a wager to the customer and represents a tax on their winnings. When their potential payout is reduced, a customer has less incentive to frequent a gaming establishment and will likely spend less when they do play. This effect is amplified when there are alternatives available to players where it is cheaper to play or where collection fees are not present, such as at tribal gaming operations.

Although the proposed regulatory amendments grant the Bureau the authority to approve whether a game can waive collection fees -- giving the impression that the current practice of waiving fees can continue -- there is no reliable assurance that the Bureau will approve such games, especially with its past record of opposition to the practice.

By forcing card rooms to seek authorization in order to opt-in or utilize current practices, the Bureau is, at best, creating an additional hoop through which businesses must jump and, at worst, is substantially interfering with the ability of businesses to choose which strategies they employ to remain competitive.

I believe the Bureau is exceeding its authority by enacting regulations similar to the policies in AB 820 (Gomez), which, as I referenced earlier, was vigorously opposed and defeated in the Legislature during the 2013-14 Legislative Session.

I appreciate your kind consideration of my position against these proposed regulations.

Sincerely,

A handwritten signature in black ink that reads "Mike A. Gipson" followed by a horizontal line.

Mike A. Gipson
Assembly Member-Elect
64th District

cc: California Gambling Control Commission

Strategic Counsel PLC