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December 12, 2019

Director Stephanie Shimazu
Bureau of Gambling Control
California Department of Justice
PO Box 168024
Sacramento, CA 95816-8024
Via email only

Re: December 18, 2019 Department Workshop on Rotation of Player-Dealer Position Concept Language

Dear Director Shimazu:

The California Gaming Association (CGA), a 501(c)(6) trade association whose membership includes the majority of active, licensed cardrooms and gaming tables in the State, respectfully submits the following comments to the Bureau of Gambling Control's ("Bureau") rotation of player-dealer position concept language in advance of its workshop scheduled for December 18, 2019.

The California Courts of Appeal have repeatedly found player-dealer games to be legal. The only exception is *Oliver v. County of Los Angeles* (1998) 66 Cal.App.4th 1397, 1409 ("*Oliver*"), which was decided based on the particular facts in that case, and on narrow grounds. After the *Oliver* decision and the subsequent enactment of Penal Code § 330.11, the Department of Justice ("Department"), which includes the Bureau, continued to approve player-dealer games for play in licensed California gaming establishments. Over the last 20 years, hundreds of player-dealer games have been approved. Such games are currently offered for play in licensed cardrooms across the State without complaint from or harm to the gaming public. Today, these games comprise approximately 65-70% of the gaming activity and revenue at California cardrooms.

In 2016, without any stated legal or public safety justification, and nearly 20 years after the *Oliver* decision and enactment of Penal Code § 330.11, the Bureau began consideration of changes to player-dealer games. The Bureau proposed standards for such games in June 2016. These standards would have required changes to player-dealer games but would have allowed those games to continue in existence, as governing statutory

and decisional law requires. In July 2017, the Office of Administrative Law determined that the proposed standards represented an underground regulation. In October 2018, rather than take steps to formalize the standards proposed in 2016, the Bureau initiated a series of workshops to solicit comments from the public on potential regulatory changes, without offering any proposed language for review and comment. It held six such workshops in various areas of the State between October 2018 and March 2019.

On December 3, 2019, without any accompanying legal analysis, the Bureau distributed "concept language" for standards of play applicable to player-dealer games. The Bureau announced the date and location of the seventh and final workshop—December 18, 2019, in Sacramento—and provided that written comments would be due the prior week. Although nearly nine months have passed since the last public hearing, and more than three years since the process began, the Bureau provided the public with only nine days to provide written comments on the proposed regulations.

The concept language greatly exceeds any standard previously considered in public discussions, provides no stated legal or public safety justification, ignores comments from the industry in the six previous workshops, and disregards the devastating economic impact it would have on California's cities and families. Indeed, the concept language as drafted would effectively shut down the operation of player-dealer games and prove lethal to most if not all cardrooms.

The concept language is also unlawful. It is beyond the Bureau's authority to promulgate, and it contradicts relevant sections of the Gambling Control Act and governing case law. It also far exceeds the limited holding in *Oliver*. The concept language is, in fact, consistent with the most extreme tribal demands, which have been offered with the apparent goal of making most table games offered at cardrooms inoperable. Notwithstanding clear statutory and decisional authority for player-dealer games, tribes have long argued that cardrooms' player-dealer games are illegal. Despite every prior Attorney General to consider the rotation issue having rejected this extreme approach, with this concept language, the Bureau appears ready to reverse this 20-year course and embrace the tribal argument without any legal rationale. We disagree with both the Bureau's approach to resolving the tribal complaint and the unlawful concept language, which does not reflect any balanced effort to enforce existing laws and decisions.

The concept language is especially disconcerting because of the devastating economic impact it would produce across the State. An October 2019 economic study completed by John Dunham & Associates determined that the California cardroom industry generates $5.6 billion of annual economic impact, produces $500 million of annual tax revenue, and supports 32,400 jobs. Dozens of California communities have come to rely on the approved player-dealer games that generate hundreds of millions of dollars in annual tax revenue to fund essential city services and tens of thousands of cardroom jobs. The concept language, if finalized, would destroy these jobs and devastate these cities.

As set forth below, we believe the Bureau should withdraw the concept language and propose new draft language that is within the scope of its authority, does not conflict

with existing law or court rulings, and reflects the public input solicited and received by the Bureau. Because of the limited amount of time the Bureau has allowed for comments, this letter is not meant to exhaustively identify all of the problems with the concept language.

1. THE BUREAU LACKS AUTHORITY TO PROMULGATE REGULATIONS PROHIBITING OR RESTRICTING, ON A STATEWIDE BASIS, PREVIOUSLY APPROVED GAMES.

The Bureau, "like all administrative agencies, has no inherent powers; it possesses only those powers that have been granted to it by the Constitution or by statute." (*Sec. Nat'l Guar., Inc. v. Cal. Coastal Comm'n* (2008) 159 Cal.App.4th 402, 419. See also *Louisiana Pub. Serv. Comm'n v. FCC* (1986) 476 U.S. 355, 374 ["[A]n agency literally has no power to act . . . unless and until [the Legislature] confers power upon it."].) "That an agency has been granted *some* authority to act within a given area does not mean that it enjoys *plenary* authority to act in that area." (*Sec. Nat'l Guar.*, 159 Cal.App.4th at 419.) Accordingly, if the Bureau "takes action that is inconsistent with, or that simply is not authorized by [statute], then its action is void." (*Id.* See also *BMW of North America, Inc. v. New Motor Vehicle Bd.* (1984) 162 Cal.App.3d 980, 994 ["It is fundamental that an administrative agency has only such power as has been conferred upon it by the constitution or by statute and an act in excess of the power conferred upon the agency is void."]; *B. C. Cotton, Inc. v. Voss* (1995) 33 Cal.App.4th 929, 955-56 ["[A]n attempt by an administrative agency to enlarge the scope of the powers conferred upon it is unlawful and void."].)

The Bureau's concept language would effectively revoke existing game approvals for cardrooms' player-dealer games—unilaterally, and without any adjudicatory determination that such games are unlawful. The Bureau does not have that authority.

The Gambling Control Act envisions that the Bureau may not revoke game approvals unilaterally, but instead must involve the participation of the California Gambling Control Commission ("Commission"). Specifically, the statutory scheme assigns the Bureau a prosecutorial role, while the Commission adjudicates whether a game approval should be withdrawn. (See, *e.g.*, Bus. & Prof. Code § 19826 [defining DOJ's responsibilities under the Gambling Control Act—to "receive and process", "monitor", "investigate", "initiate disciplinary actions", "adopt regulations", "approve"—but not mentioning revoking game approvals]; § 19842 [supplying a legal standard for the Commission's decision to prohibit a game, suggesting that the Commission alone has such authority]; § 19930(a)–(b) [providing for Bureau investigation, followed by Bureau accusations with the Commission]; § 19932 [providing for judicial review of Commission decisions].)

The Commission's regulations also point against the Bureau's unilateral authority to revoke game approvals. (See, *e.g.*, 4 CCR § 12550 ["Nothing in [the Commission's disciplinary regulations] precludes the Bureau, in its discretion, from issuing warning notices, notices to cure, advisory letters regarding violations or possible violations of law, or from withdrawing such upon further investigation."; making no mention of Bureau

authority to withdraw game approval]; 4 CCR § 12552(c) [envisioning a prosecutorial role for the Bureau; "Any settlement of an accusation shall be submitted by the Bureau for approval by the Commission"].)

Accordingly, there is no statutory authority for the Bureau to unilaterally revoke approval of a game it previously authorized. If the Bureau wishes to revoke a game approval, it must bring a formal accusation and succeed in proving to the Commission that the game violates federal, state, or local law. That process is essential to preserving the due process rights of cardrooms. (See, *e.g.*, *Bauer v. City of San Diego* (1999) 75 Cal.App.4th 1281, 1294 [providing that the State may revoke a business permit "only upon notice to the permittee, upon a hearing, and upon evidence substantially supporting a finding of revocation"].)

2. THE PROPOSED ROTATION CONCEPT CONFLICTS WITH AND IS UNSUPPORTED BY EXISTING LAW

The rotation concept language is fundamentally flawed in almost every respect. The language prohibiting any player from occupying the player-dealer position for more than two consecutive rounds of play ((§§ 20XX(a)(1), (a)(5)) conflicts with existing game approvals, legislative intent, and current law. The language excluding from the game players who refuse to accept the player-dealer position (§§ 20XX(a)(2), (a)(3), (a)(4)) conflicts with current law. The language prohibiting bonus and buy bets (§§ 20XX(b)(1)-(4)) conflicts with existing law and has no legal support. Finally, the language limiting each table to one third-party provider of proposition player services (§ 20XX(c)) is unsupported by existing law.

A. The Governing Law.

Penal Code § 330 prohibits "banking" games. "Banking game has come to have a fixed and accepted meaning: the 'house' or 'bank' is a participant in the game, taking on all comers, paying all winners, and collecting from all losers." (*Sullivan v. Fox* (1987) 189 Cal.App.3d 673, 678. *Accord, Hotel Employees v. Davis* (1999) 21 Cal.4th 585, 606-07.)

In 1984, California's Constitution was amended to prohibit "casinos of the type currently operating in Nevada and New Jersey." (*See* Article IV, section 19(e).) As the California Supreme Court explained, this amendment prohibits casinos that offer "banked table games and gaming devices," but preserves the legality of pre-existing California gaming establishments—specifically, those that have "commonly been called a 'card room.'" (*Hotel Employees*, 21 Cal.4th at 605.)

Player-Dealer Games. Cardrooms have long offered a different set of games than those played in Las Vegas and Atlantic City—specifically, player-dealer games. In player-dealer games, each table has multiple seated player positions. For each hand, one player position is the player-dealer position. The persons wagering in the other player positions wager against the hand assigned to the player-dealer position. If seat 1 is the player-dealer position for that hand, the persons wagering in positions 2-7 are wagering against

the player-dealer position in seat 1. The opportunity to be the player-dealer rotates to all seated table positions.

Four Court of Appeal decisions have held that player-dealer games are not banking games. These decisions make clear that neither the house nor any other player operates a bank in player-dealer games. (*See Sullivan*, 189 Cal.App.3d at 678; *Bell Gardens v. City of Los Angeles* (1991) 231 Cal.App.3d 1563, 1568; *Huntington Park v. County of Los Angeles* (1988) 206 Cal.App.3d 241, 250; *Walker v. Meehan* (1987) 194 Cal. App. 3d 1290.) In *Bell Gardens*, the County of Los Angeles was severely sanctioned by the appellate court for arguing that player-dealer games were banking games after that issue had already been decided by the courts. The Court of Appeal found "wholly lacking in merit" the contention that player-dealer games are banking games. (*Bell Gardens*, 231 Cal.App.3d at 1570.)

In these four cases, the practice was to offer the *opportunity* to be the player-dealer every two hands in clockwise order to each active player. (See *Bell Gardens*, 231 Cal.App.3d at 1566 [addressing games in which the player-dealer position "rotates systematically among the players and each player has the *opportunity* to act as dealer for two consecutive rounds" [emphasis added].) There is no statement in any of these cases that every player must accept the player-dealer position when it rotates. Nor did any of these courts state that "two hands" was the maximum number required by law before the opportunity to be player-dealer must be offered again; that was simply the number of hands used in the game rules in those cases, and the number customarily used since.

The tribes have repeatedly misstated the holding in *Oliver* in an attempt to upend the status quo and disrupt the ability of cardrooms to offer competitive player-dealer games. The *Oliver* decision is consistent with the reasoning of the four earlier cases, but simply recognized that it was impossible to declare, categorically and in a declaratory relief action, that a game was not a banking game if it featured rules under which it remained possible that the player-dealer position would never be accepted by any other players and thus "[a] player with a significant amount of money to bet can hold the position of player-dealer **for a long time**...." (*Oliver*, 66 Cal.App.4th at 1409 [emphasis added].)

Oliver does not say that the deal must rotate every two hands or to every person. *Oliver* also does not define what amount of time is "a long time." In ordinary usage, determining what constitutes a "long time" depends on context. A friendship that lasts a "long time" can refer to decades of time, while a new swimmer who holds her breath for a "long time" can refer to mere seconds. In the context of card games, two hands is a very short time. No one would drive to a gambling facility for the purpose of playing only two hands.

In 2000, A.B. 1416 was adopted to codify the usage of player-dealers. The Legislature confirmed that player-dealer games are legal under the Penal Code and the State Constitution. Penal Code section 330.11 now provides:

> "Banking game" or "banked game" does not include a controlled game if the published rules of the game feature a player-dealer position and provide that this position must be continuously and systematically rotated amongst each of the participants during the play of the game, ensure that the player-dealer is able to

> win or lose only a fixed and limited wager during the play of the game, and preclude the house, another entity, a player, or an observer from maintaining or operating as a bank during the course of the game. For the purposes of this section, it is not the intent of the Legislature to mandate acceptance of the deal by every player if the division finds that the rules of the game render the maintenance of or operation of a bank impossible by other means. The house shall not occupy the player-dealer position.[1]

*As **proposed***, A.B. 1416 would have provided that no player could hold the player-dealer position for more than two hands in a row. (See *e.g.*, Senate versions, March 23, 2000 – May 16, 2000).[2] *However,* in the Senate Amendments dated July 5, 2000, that language was removed. Importantly, the Legislature *deliberately* did not require rotation of the deal every two hands.

Instead, the Legislature made clear that a game is permissible if it includes "continuous[] and systematic[]" rotation of the player-dealer position. And the law further provides that it is "not the intent of the Legislature to mandate acceptance of the deal by every player" in all player-dealer games. Although no appellate decision specifies the precise meaning of section 330.11, its ordinary usage is consistent with the type of rotation in California cardrooms' player-dealer games. For example, the speaker position at a meeting may rotate "continuously and systematically" among a group, and that would remain true even if one person speaks for longer than others, or some people choose not to speak at all.

At the same time, in A.B. 1416 the Legislature enacted Business and Professions Code section 19980, which recognized and provided for the licensing of third party proposition player services. The Legislature determined that having those services occupy the player-dealer position under game rules that comply with section 330.11 did not create a banked game.[3]

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[1] A.B. 1416 states, in part:

Section One: The Legislature finds and declares as follows:

(a) In 1983 and 1984 California card clubs played games with cards involving a player-dealer position in which players were afforded the temporary opportunity to wager against multiple players at the table where the player-dealer position continuously and systematically rotated among the players, prior to the amendment of Section 19 of Article IV of the California Constitution by the California State Lottery Act in 1984. This method of play was approved by the Courts of Appeal in Sullivan v. Fox (1987) 189 Cal.App.3d 673, Walker v. Meehan (1987) 194 Cal.App.3d 1290, City of Bell Gardens v. County of Los Angeles (1991) 231 Cal.App.3d 1563, and Huntington Park Club Corp. v. County of Los Angeles (1988) 206 Cal.App.3d 241.

(b) The amendment to Section 19 of Article IV of the Constitution declared:

"The Legislature has no power to authorize, and shall prohibit casinos of the type currently operating in Nevada and New Jersey."

Casinos operating in 1983 and 1984 in the States of Nevada and New Jersey did not include card games featuring a player-dealer position which continuously and systematically rotates among the players. In Nevada and New Jersey, comparable games are banked only by the house, which is a participant in the game, with an interest in its outcome, and which covers all bets in the game, paying all winners and collecting from all losers.

[2] See http://www.legislature.ca.gov/cgi-bin/port-postquery?bill_number=ab_1416&sess=9900&house=B&author=wesson.

[3] In A.B. 1416, a banking game also was defined in part as one where "the bank is actually involved in the play, and serves as the ultimate source and repository of funds, dwarfing that of all other participants in the game." On September 29, 2000, the Attorney General wrote to the Governor and recommended approval of the bill, but objected to the language about the size of the player's fund dwarfing other participants. The Attorney General argued that language which focused on the fund "incorrectly suggests that the character of a game as a 'banking game' is dependent on the size of the bank in comparison with the resources of the other participants." The Attorney General asked for that portion of the definition to be deleted in clean up legislation, which occurred the following year in A.B. 54.

B. Application to the Concept Language.

The concept language conflicts with the governing law in several respects.

1. The draft regulations provide that the player-dealer position must rotate every two rounds of play and that no person can occupy the position for more than two consecutive rounds of play.

Neither Penal Code § 330.11 nor any of the decided cases state that two hands is the maximum number of consecutive hands that a person may hold the player-dealer position before the person is "banking." Two hands can take two minutes to play in some games. That hardly is ***"for a long time"*** within the meaning of *Oliver.*

Moreover, the Legislature deliberately removed the language from A.B. 1416 that would have prevented a player from holding the player-dealer position for more than two hands in a row. When the Legislature removes language from a bill, the removed language cannot become the legal standard for interpreting the statute.

> The evolution of a proposed statute after its original introduction in the Senate or Assembly can offer considerable enlightenment as to legislative intent. … Generally the Legislature's rejection of a specific provision which appeared in the original version of an act supports the conclusion that the act should not be construed to include the omitted provision.

(*People v. Goodloe* (1995) 37 Cal.App.4th 485, 491-92 [citations omitted].)

As a result, the Bureau has never construed section 330.11 to require a new player to accept the player-dealer position every time it rotates. Doing so would flatly contradict the legislative history of A.B. 1416, where the Legislature removed that requirement.

Instead, the Bureau has correctly interpreted section 330.11 to permit game rules where the opportunity to be the player-dealer continuously and systematically rotates during the play of the game to ensure the player-dealer is able to win or lose only a fixed and limited wager during the play of the game, but no player is mandated to accept the deal. Where an agency has construed a statute, courts will generally respect the agency's *consistent* interpretation.

> While the ultimate interpretation of a statute is an exercise of judicial power and it is the responsibility of the courts to declare its true meaning even if it requires rejection of an earlier administrative interpretation …, the contemporaneous construction of a statute by an administrative agency charged with its administration and interpretation, while not necessarily controlling, is entitled to great weight and should be respected by the courts unless it is clearly erroneous or unauthorized …. This is true particularly where there has been continued public reliance upon and acquiescence in such interpretations.

(*City of Santa Ana v. City of Garden Grove* (1979) 100 Cal.App.3d 521, 530.)

Here, not only has the Bureau had a consistent interpretation for more than a decade, but there has been industry-wide reliance on that interpretation. (Compare *Yamaha Corp. of America v. State Bd. of Equalization* (1998) 19 Cal.4th 1, 13 [additional deference due if an "agency has consistently maintained the interpretation in question, especially if it is long-standing"] with *Murphy v. Kenneth Cole Productions, Inc.* (2007) 40 Cal.4th 1094, 1106 fn. 7 [minimal deference due when agency adopts a new statutory interpretation that "flatly contradicts its original interpretation"].)

In fact, prior to the passage of Proposition 1A when tribes were limited to offering only those gaming activities that were legal and authorized to others in the State, tribal casinos offered player-dealer games rather than house-banked games. We understand that tribal casinos allowed one player to occupy the player-dealer position for an entire dealing shoe (*i.e.*, 6-8 decks), which resulted in 50 or more hands continuously played in the player-dealer position—effectively more than an hour at a time. We also understand that the tribes imposed conditions on those taking the player-dealer position (*e.g.*, requiring that such players hold a large amount of funds), which eliminated most players from participation. The tribes took the position that their practices were lawful under California law. Tribal casinos did not rotate the opportunity to be player-dealer every two hands, let alone require new players to accept the deal every two hands if they would like to continue playing at the table.

2. The draft regulations generally require that a person must accept the player-dealer position when offered, or else that person will be excluded from the game until (option 1) he or she accepts the player-dealer position, or (option 2) the next person's turn in the player-dealer position ends. The only exception to this requirement is for games that otherwise render impossible the maintenance or operation of a bank. But even if a game meets that standard, the draft regulations would still require the game to stop if no one accepts the player-dealer position from the person who last occupied it when the position rotates. Both options 1 and 2 are wrong and contradict the statute and case law.

California law does not require that each player take the player-dealer position likely because the requirement that the deal be offered to all seated players, continuously and systematically, naturally removes the ability of any one player to monopolize the player-dealer position for a long time since the other players at the table can accept the position when offered. The Legislature expressly stated in Penal Code § 330.11 that it did not intend invariably to "mandate acceptance of the deal by every player." Similarly, the court in *Bell Gardens approved* game rules in which each player had the "*opportunity*" to act as the player-dealer, without any requirement that each player had to take the position when offered. (See *Bell Gardens, supra,* 231 Cal.App.3d at 1566.) Consequently, while having the player-dealer position continuously and systematically rotate among the participants means at a minimum that the opportunity to be the player-dealer is systematically *offered* to each participant, it does not mean that every person has to accept the position. Nor does the law authorize the Bureau to impose a penalty against a player that does not accept the position.

With regard to whether the game rules have to require each person to take the player-dealer position in order to preclude a banked game, the answer is emphatically

"no." Even under an extreme interpretation of *Oliver* that would require an intervening player-dealer at a fixed interval specified in the game rules, if any other person accepts the position—even one person—then the person who held the position before has not continuously held the player-dealer position for a long time. There has been an intervening player-dealer.

Moreover, as explained above, there does not need to be an intervening player-dealer after each round of play because each round of play takes a relatively short time.

The fact that other players may decline to take the player-dealer position at times does not create a banking game or inherently permit one player to occupy the player-dealer position continuously for a long time. Different cardrooms may choose different means or game rules to comply with Penal Code § 330.11 and *Oliver*. If required by law, any need for an intervening player-dealer at a fixed interval would vary by game and circumstance.

The Bureau cannot ignore the governing law and decree that an intervening dealer is always required, that every person must intervene as a dealer, and that the intervening dealer must be present every two hands. Nor can the Bureau penalize anyone who opts not to take the deal—even when multiple other players at the table are doing so. That regulatory regime has no basis in law.

Nor can the Bureau require that, if no one accepts the player-dealer position and it returns to the person who last occupied it, the game cannot continue until a new person accepts the position. That requirement is especially illogical because, under the concept language, it would apply even if the game rules render the maintenance or operation of a bank impossible. Moreover, a full stop in the game is not required to serve the Bureau's purported interests. Any game break would interrupt the ability of a player-dealer to continuously occupy the player-dealer position. There is no reason why a game break has to be of an indefinite duration and cannot resume with the same person in the player-dealer position after some intervening period of time.

3. The draft regulations prohibit backline wagering in the player-dealer position or wagers against a backline bettor.

These regulations directly conflict with existing law. The Gambling Control Act recognizes that other patrons can wager on any seated position, including the player-dealer position. When more than one patron participates in the player-dealer position—by, for example, sharing the seated player-dealer's wager, or taking any excess wagers the seated player-dealer's wager does not cover—no one person is taking on all comers, paying all winners, and collecting from all losers, and therefore no one is "banking" as that term has been authoritatively defined. The Bureau's proposed regulations should have included this as an option for rotation, rather than attempt to prohibit statutorily authorized conduct.

The Gambling Control Act expressly authorizes backline betting. Under Business and Professions Code section 19843, other players can place wagers "with a single

seated player upon whose hand the wagers are placed." There is no exception or exclusion for the player-dealer position.

> " 'It is … against all settled rules of statutory construction that courts should write into a statute by implication express requirements which the Legislature itself has not seen fit to place in the statute.' " (*In re Rudy L.* (1994) 29 Cal.App.4th 1007, 1011 [34 Cal. Rptr. 2d 864].) In other words, had the Legislature intended a ban on placement of dependent children in a foreign country, it could have explicitly enacted one.

(*In re Sabrina H*. (2007) 149 Cal. App. 4th 1403, 1412.)

Section 330.11 must be construed in harmony with section 19843, which expressly provides for backline wagering without excepting the player-dealer position. (See *Dyna-Med, Inc. v. FEHC* (1987) 43 Cal. 3d 1379, 1387 ["statutes or statutory sections relating to the same subject must be harmonized"].) In addition, in the decisions upholding player-dealer games, all of the game rules at issue included the possibility of wagers made by the players behind a seated player. (See *Huntington Park,* 206 Cal.App.3d at 245 ["More than one participant may wager on a hand."]; *Sullivan*, 189 Cal.App.3d at 677, n.2.)

When the seated player-dealer places a wager, any player who wagers behind the player-dealer is by definition not "taking on all comers, paying all winners, and collecting from all losers." (*Sullivan*, 189 Cal.App.3d at 678.) Multiple players are sharing the action. If a seated player-dealer wagers $200, she is taking the first $200 of action from the other players' wagers. If the next person wagers $200, he gets the next share of the action, and so on.

There also is no legal authority for prohibiting players from pooling funds and accepting the player-dealer position. Doing so allows for more action and the sharing of risk, which is not only appreciated by players, but consistent with the legislative intention to eliminate banking. There is no basis in law or policy for prohibiting such a longstanding, legal practice.

4. The draft regulations provide that only one third-party provider of proposition player services can offer services at a table in a player-dealer game.

There is no legal authority for such a requirement, provided that the third-party providers do not share funds.

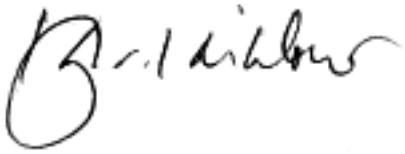
3. THE DEPARTMENT'S "CONCEPT LANGUAGE" WILL HAVE A NEGATIVE ECONOMIC AND FISCAL IMPACT OF OVER $5.6 BILLION.

Government Code § 11346.3 mandates that the Bureau summarize the economic and fiscal impact on local and state governments and perform an analysis if the impact is $50 million or more. CGA's own October 2019 economic study pegs its contribution to state and local governments at **$5.6 billion** and estimates that over 70% of lawful gaming activity at cardrooms will be eliminated by the proposed "concept language." The

elimination of virtually all player-dealer games will be lethal for the majority of California cardrooms and extremely detrimental to the livelihoods of dozens of California communities and tens of thousands of working families that the cardroom industry supports.

Given the written and verbal feedback the Bureau has received at the six previous workshops from the CGA, elected state and local officials, city managers, non-profits, and cardroom employees, it is inconceivable that it is not aware of the impact these proposed regulations will have on legitimate stakeholders. The language as presented is fatal to the cardroom industry, has no genuine legal or safety need, and is clearly intended to placate wealthy tribal interests and extend their non-taxable monopoly on the California gaming industry. For these and other reasons to be stated in the future, the CGA OPPOSES the concept language as presented.

Sincerely,



Kyle Kirkland
President