

**CALIFORNIA DEPARTMENT OF JUSTICE**  
**TITLE 11. LAW**  
**DIVISION 3. GAMBLING CONTROL**  
**CHAPTER 1. THE BUREAU OF GAMBLING CONTROL**

**FINAL STATEMENT OF REASONS**

**UPDATE OF INITIAL STATEMENT OF REASONS**

There have been no changes to the information described in the Initial Statement of Reasons.

**CORRECTIONS AND NON-SUBSTANTIAL EDITS**

A “non-substantial change” is one that clarifies “without materially altering the requirements, rights, responsibilities, conditions or prescriptions contained in the original text.” (Cal. Code Regs., tit. 1, § 40.) The following minor additional issues were noted since publication of the Notice of Proposed Rulemaking and Initial Statement of Reasons:

- Section 2076: the authority and reference section was added to this section.
- Section 2076, subdivision (b)(2): the word “to” is added for grammatical purposes. This subdivision now reads “Allow the TPPPS to settle any wagers at the table when they are not occupying the player-dealer position.”
- Section 2077, subdivision (a): “No later than 60 days after the effective date of section 2076” is replaced with “May 31, 2026.” This revision is necessary because May 31, 2026 is 60 days after April 1, 2026, the date the regulations will become effective. When the last day for filing a document with a state agency falls on a Sunday, the document may be filed upon the next business day. (Gov. Code, § 6707.) The next business day after May 31, 2026 is June 1, 2026.
- Section 2077, subdivision (d): this subdivision is revised to reflect the correct reference to the Application Game Review form as reflected in 11 CCR § 2038, subdivision (a).

**SUMMARY OF COMMENTS AND DEPARTMENT RESPONSES**

Originally published in the California Regulatory Register on February 14, 2025, and scheduled to end April 4, 2025, the Department of Justice (Department) withdrew its previous regulatory action to allow more time for public comments after receiving multiple requests for extensions. A subsequent new 45-day comment period commenced on April 11, 2025, and ended May 29, 2025. The Department received more than 800 comment letters during the 45-day comment period. The summary of the comments and the Department’s responses are attached as the following appendices:

- Appendix A. Summary and Response to Comments Submitted during 45-Day Period
- Appendix B. List of Commenters from 45-Day Period (Written Comments)

- Appendix C. List of Commenters from the Public Hearing (Oral Comments)
- Appendix D. Public Comment Index (45-Day Period)
- Appendix E. Public Comment Index (Oral comments at the public hearing)

For ease of reference, the Department assigned a unique number to each written comment and oral testimony received. Because most comment letters contained multiple substantive comments that needed to be addressed, for each substantive comment, the Department assigned sub-numbers to the comment submission number. Please refer to appendix A “Summary and Response to Comments” to reference the applicable sub numbers and the Department’s corresponding responses to each substantive point. Additionally, transcript references have been included for convenience.

The “Summary and Response to Comments” is organized according to the sequential order of the proposed regulations that they address. Comments relating to multiple sections of the regulations are grouped together at the beginning of each section number. Comments generally about the regulations, but not regarding a particular section or subsection of the regulations, are grouped together at the end under the heading of “General Policy Concerns.” Additional subheadings have been included where comments are related to similar topics. Page numbers and transcript references have also been included for ease of reference. The “List of Commenters” for Appendix B and Appendix C identify the individuals and/or entities that submitted the comment during the 45-day comment period or provided an oral testimony during the public hearing. The “Public Comment Index” for Appendix D and Appendix E identify individuals by their comment sub numbers and corresponding response number from Appendix A.

Please refer to the Appendix A “Summary and Response to Comments” to reference the applicable sub-numbers and the Department’s corresponding responses to each substantive point.

### **COMMENTS RECEIVED OUTSIDE THE PUBLIC COMMENT PERIOD**

While the Administrative Procedure Act requires that comments made outside any public comment period be included in the rulemaking file for the proposed action, it does not require that those comments be summarized or responded to in the Final Statement of Reasons. Any public comments received after the close of the public comment period on May 29, 2025, are included in the rulemaking file for the proposed action but are not summarized or responded to in the Final Statement of Reasons.

### **LOCAL MANDATE DETERMINATION**

The proposed regulations do not impose any mandate on local agencies or school districts.

## **ALTERNATIVES DETERMINATIONS**

In accordance with Government Code section 11346.9, subdivision (a)(4), the Department has determined that no reasonable alternative it considered or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, or would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

## **ALTERNATIVES THAT WOULD LESSEN ADVERSE ECONOMIC IMPACT ON SMALL BUSINESSES**

The Department considered several alternatives in drafting the proposed regulations. In considering the following alternatives, the Department sought to balance the benefits to consumers, the burden to businesses, and the purposes of the proposed regulatory. Set forth below are the alternatives that were considered and the reasons each alternative was rejected.

### **Section 2076, subdivision (a)(1) and (3):**

The Department considered and rejected the alternative game rule that the player-dealer position be offered after every two hands instead of after every hand. This alternative, although less burdensome, is less effective at ensuring that the player-dealer position actually rotate on a continuous and systematic basis to at least two players other than a TPPPS player within 40-minute intervals.

### **Section 2076, subdivision (a)(4):**

The Department considered and rejected the alternative game rule requiring rotation of the player-dealer position every two hands. This restriction would be disruptive to the play of the game and is not necessary to ensure that a game featuring a rotating player-dealer position does not fall within the definition of a banking game or banked game under Business and Professions Code section 19805, subdivision (c) and Penal Code section 330.11. Ensuring actual rotation of the player-dealer position on a continuous and systematic basis can be accomplished with less restrictive measures.

The Department considered and rejected an alternative game rule allowing rotation without mandatory acceptance for intervals longer than 40 minutes. Although the alternative would lessen the burden on cardrooms, it is not as effective at ensuring continuous and systematic rotation of the player-dealer position among all players. As explained in the Initial Statement of Reasons, the proposed 40-minute rotation requirement ensures fair distribution of the dealer role across all players, and prevents monopolization of the dealer position. This restrictions is necessary to ensure that the game does not fall within the definition of a banking game or banked

game under Business and Professions Code section 19805, subdivision (c) and Penal Code section 330.11.

**Section 2076, subdivision (a)(5):**

The Department considered and rejected an alternative game rule that would not require the game to stop when the position of the player-dealer is not rotated in a continuous and systematic manner. This alternative is not as effective in preventing the maintenance or operation of a bank. Under the proposed regulation, enforcement would occur through mandated stoppage of a game play when the rotation requirement is not met. This subdivision ensures that the player-dealer position rotates continuously and systematically, thereby preventing the game from falling within the definition of a banking game under Business and Professions Code section 19805, subdivision (c).

**Section 2076, subdivisions (a)(7) and (c) :**

The Department considered and rejected an alternative to allow more than one Third-Party Provider of Proposition Player Services (TPPPS) at the same table. Allowing multiple TPPPS entities to occupy the player-dealer position may result in the position rotating only between those entities, rather than to individual patrons, effectively allowing these entities to maintain a bank in the substantially the same manner as they do now. Business and Professions Code section 19805, subdivision (c) and Penal Code section 330.11 specifically prohibit “the house, another entity, a player, or an observer from maintaining or operating as a bank during the course of the game,” and allowing multiple TPPPS to play in every hand with another patron would circumvent the requirement that the player-dealer position actually rotate.

**Section 2076 subdivisions (b)(1) and (b)(2):**

The Department considered and rejected an alternative game rule allowing any player to place a wager directly against the TPPPS when the TPPPS was not in the player-dealer position or allow the TPPPS to settle wagers at the table while not occupying that role. Under some currently approved games rules, a TPPPS may act as a bank even when not taking the role of the player-dealer. The regulation is necessary to ensure that TPPPS do not maintain or operate a bank even when not occupying the player-dealer position.

**Section 2077 subdivision (a):**

The Department considered and rejected an alternative that would extend the 60-day period to 120 days for cardrooms to modify games featuring a player-dealer rotation to comply with the proposed regulations. This alternative is not more effective in implementing the proposed timeframe, as the regulations address only one specific aspect of a game’s rules, i.e., rotation of the player-dealer position, rather than requiring changes to an entirely different new set of game rules. Also, the Department proposed this concept to the industry in 2023, which provided

significant opportunity for cardrooms to anticipate new player-dealer rotation requirements. The 60-day request period provides the regulated industry with a reasonable timeframe in which to modify their games to comply with section 2076.

**NON-DUPLICATION**

Some of the regulations may repeat or rephrase in whole or in part a state or federal statute or regulation. This was necessary to satisfy the clarity standard set forth in Government Code section 11349.1, subdivision (a)(3).