

# Assembly California Legislature



May 28, 2025

California Department of Justice, Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA 95834

**Re: Comments on Proposed Regulations Concerning Blackjack-Style Games;  
Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position**

Dear Director Yolanda Morrow and Ms. Andreia McMillen:

I am writing to express my deep concerns about the draft regulations proposed by the Bureau of Gambling Control on April 11, 2025. These regulations, which significantly alter the operations of blackjack-style and player-dealer games, pose a serious threat to the 500 Club Casino, which is a longstanding and respected establishment in our community and my district.

500 Club is a major economic contributor in the city of Clovis, providing hundreds of high-quality, living-wage jobs. Many of these positions are filled by residents offering them stable employment with little need for prior training. The cardroom's operation generates over \$1 million in tax revenues annually, funding crucial public services such as police and fire protection, park maintenance, and road repairs. The potential loss of these revenues would most likely result in cuts to essential services, adversely affecting our community's safety and quality of life.

The draft regulations proposed exceed the statutory authority of the Bureau and disregard decades of established precedent that have allowed cardrooms to operate legally and successfully without harm or complaint from the public. It's also important to recognize that shutting down legal cardrooms often leads to an increase in illegal gambling.

Since the pandemic, we've seen a surge in illegal gambling operations -- often associated with increased criminal activity. This is a serious concern, as our communities will be left to bear the burden of combating these unregulated pop-up casinos in the absence of safe, legal cardrooms. This abrupt shift in regulatory approach not only threatens the stability of our local cardrooms but also harms our community.

We urge the Bureau to reconsider these regulations, taking into account the substantial negative impact they would have on our community and others like it across California.

Thank you for considering my concerns.

Sincerely,

David Tangipa  
ASSEMBLYMEMBER, 8<sup>th</sup> DISTRICT



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**Re: Comments on Proposed Regulations Concerning Blackjack-Style Games;  
Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position**

Dear Director Yolanda Morrow and Ms. Andreia McMillen:

I am writing to express my deep concerns about the draft regulations proposed by the Bureau of Gambling Control on April 11, 2025. These regulations, which significantly alter the operations of blackjack-style and player-dealer games, pose a serious threat to the Club One Casino, which is a longstanding and respected establishment in our community.

Club One Casino is a major economic contributor in the city of Fresno, providing 179 high-quality, living-wage jobs. Many of these positions are filled by residents offering them stable employment with little need for prior training. The cardroom's operation generates over \$1 million in tax revenues annually, funding crucial public services such as police and fire protection, park maintenance, and road repairs. The potential loss of these revenues would most likely result in cuts to essential services, adversely affecting our community's safety and quality of life.

The draft regulations proposed exceed the statutory authority of the Bureau and disregard decades of established precedent that have allowed cardrooms to operate legally and successfully without harm or complaint from the public. It's also important to recognize that shutting down legal cardrooms often leads to an increase in illegal gambling.

Since the pandemic, we've seen a surge in illegal gambling operations -- often associated with increased criminal activity. This is a serious concern, as our communities will be left to bear the burden of combating these unregulated pop-up casinos in the absence of safe, legal cardrooms. This abrupt shift in regulatory approach not only threatens the stability of our local cardrooms but also harms our community.

We urge the Bureau to reconsider these regulations, taking into account the substantial negative impact they would have on our community and others like it across California.

Thank you for considering my concerns.

Sincerely,

David Tangipa  
ASSEMBLYMEMBER, 8<sup>th</sup> DISTRICT





June 5, 2025

California Department of Justice, Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA 95834  
E-mail: [BGC\\_Regulations@doj.ca.gov](mailto:BGC_Regulations@doj.ca.gov)

Re: Comments on Proposed Regulations Concerning Blackjack-Style Games;  
Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position

Dear Director Yolanda Morrow and Ms. Andreia McMillen:

As members of the California State Legislature, we are writing to express serious concern regarding the Bureau of Gambling Control's proposed regulations, released on April 11, 2025, which would significantly alter the rules governing blackjack-style and player-dealer games in California cardrooms and directly harm the communities we represent and serve.

Last year, the Legislature passed Senate Bill 549 to allow the courts to weigh in on certain tribal claims. This issue is now pending in court. We do not believe now is the appropriate time to propose new regulations for games offered in cardrooms. That is especially true when these proposed regulations are expected to reduce jobs and slash revenues by 50%, according to the Standardized Regulatory Impact Assessment.

These changes pose a direct threat to the communities we represent. Cardrooms across the state are responsible for generating thousands of jobs and millions of dollars in annual tax revenue for local governments. Many of these jobs provide living wages and stable employment to workers who would otherwise face limited job opportunities. The local revenues generated by cardrooms fund essential public services such as public safety, fire, parks, infrastructure, and more.

The proposed regulations overstep the Bureau's statutory authority and disrupt decades of legal precedent that has allowed cardrooms to operate safely, successfully, and in full compliance with the law. Furthermore, the assumption from the Standard Regulatory Impact Assessment (SRIA) that displaced cardroom patrons will automatically transition to tribal casinos fails to consider the real-world impact on employment, municipal budgets, and the rise in illegal gambling operations that has already become more prevalent in recent years.

In fact, the growth of unlicensed gambling venues, many of which are linked to criminal activity, should give the Bureau pause. Dismantling a well-regulated industry risks pushing patrons into unsafe and unregulated environments, creating an enforcement and public safety burden on local governments and law enforcement agencies.

For these reasons, we strongly urge the Bureau to reconsider these draft regulations and engage in a more thorough, inclusive process that accounts for the economic and public safety ramifications across California communities.

Thank you for your attention to this matter.

Sincerely,

TINA McKINNOR  
61st Assembly District

DIANE PAPAN  
21st Assembly District

MIKE GIPSON  
65th Assembly District

SHARON QUIRK-SILVA  
67th Assembly District

RHODESIA RANSOM  
13th Assembly District



May 29, 2025

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Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA 95834

**RE: Comments on Proposed Regulations Concerning Blackjack-Style Games**

Dear California Attorney General Rob Bonta:

On behalf of the California Cities for Self-Reliance Joint Powers Authority (JPA) and our member cities of Bell Gardens, Commerce, Compton and Hawaiian Gardens, we submit these comments during the current public hearing process as a follow up to our original comments submitted to your office on October 26, 2023.

In our original comments we thanked you and your office for both the notifications and draft concept language on both Blackjack-Style Games and Rotation of Player-Dealer Regulations published on September 11, 2023. We were gratified to know you were embarking on solicitation of input on your proposed regulations prior to the initiation of a formal rulemaking process, and that this concept language was still subject to further review and revision by the Bureau.

Now, in reading your subsequent concept language, the related SRIA analysis and also the Department of Finance's related comments on your SRIA analysis, we submit this letter into your record as our official submission to express our deepest disappointment that our reasonable requests made in October 26, 2023 were not only NOT considered, they were actually not analyzed and thus in the view of our JPA, render your ongoing process wholly inadequate, foundationally unfair to our traditionally marginalized communities, and vulnerable to challenge.

**COMMENTS**

As we have reminded you, our cardrooms and these games as played today collectively serve as local, vital wide-impacting economic engines. Within our membership alone, the revenue derived

from the casino in Hawaiian Gardens represents 70% of the City's total general fund revenues. Similarly, the City of Bell Gardens relies on the Bicycle Casino for 50% of its general fund revenue, while the City of Commerce generates 40% of its general fund revenues from Commerce Casino. The City of Compton also depends on substantial revenue from Crystal Casino for its general fund. In summary, our historically disadvantaged and majority-minority member cities and their communities have a lot at stake in this process and will be devastated should you implement your current rules versions exactly because your efforts are not considering our perspective, our needs and our voice.

The proposed regulatory changes to these games as proposed WILL NEGATIVELY IMPACT our member cities, their residents and their businesses. Due to that all we requested was that as part of the potential rulemaking process, the Bureau complete a sound and comprehensive Standardized Regulatory Impact Assessment (SRIA) to truly understand the economic impacts of these proposed regulations on a microeconomic level to include our local communities, our local economies, our local business and our cities and neighboring communities since our cardrooms serve a regional economic engines. It was vital that we know not only the multifaceted impacts to the cardroom industry and their stakeholders, but also the comprehensive and multifaceted impacts these or any final regulations would have on our and every city throughout California.

This was negligently not done as was attested to by the Department of Finance itself in its analysis of your SRIA. We expected better, we deserve better.

It is of the utmost importance that actual, not guessed-upon, impacts to our cities and local communities are known prior to moving forward with your process. Until then, any final changes impacting games as they are offered today will result in flawed, questionable, and non-inclusive regulations which will likely be challenged. We continue in our position that this is preventable and can still be avoided by the Bureau re-embarking and re-committing to a follow up and truly comprehensive and wide-ranging SRIA producing findings that includes any and all impacts to cities and communities, especially jobs and our economies.

### DEEP CONCERNS

We remain gravely concerned that the draft concept language on Blackjack-Style Games regulations as currently proposed are far-reaching, problematic, threaten our ability to provide services to our residents and communities, and will undoubtedly harm not only our and other communities that host cardrooms throughout California, but also non-cardroom communities and their residents throughout our state.

Locally, the proposed concept regulations undermine our JPA member cities' financial self-sufficiency and stability that rely upon revenue from licensed gambling. Cardrooms based in our member cities are vital local economic engines that serve as the largest single source of total tax revenue that fund vital residents' services such as public safety, emergency services, fire, health care, homelessness programs, transportation, and other essential programs. In addition, our cardrooms serve as regional economic engines via their direct employment of not only local residents, but of residents from throughout our region that number well over 10,000 in Los Angeles

County alone. By drastically reducing and potentially eliminating much needed local revenues, these concept regulations will unnecessarily undermine our communities and further exacerbate our many local challenges which include food shortage, homelessness, unemployment, violence, mental illnesses and health disparities to name a few. In addition, they will encourage individuals to play controlled games illegally which has historically resulted in increased crime, prostitution and other illegal activities into our communities that already have limited resources for public safety, just as it did during the recent COVID-19 shutdowns.

Ultimately, we remind you that these draft regulations WILL undermine and threaten our cities and communities. Until fully identified, analyzed and mitigated, they risk the loss of vital and much-needed jobs and revenues that allow for the current self-sufficiency of historically disadvantaged minority residents and communities like ours that deserve the right to a quality of life and services like all other cities and communities throughout California.

## REQUESTS

As stated in our comments on October 26, 2023, we are pleased to know that an SRIA economic impact study is required prior to formal adoption of any final regulations as this will lead to not only the best possible public policy, but also to reduced negative impacts on our local cardroom cities and communities.

Now is the time to produce a SRIA economic impact study that is viable, accurate, comprehensive and inclusive, unlike the SRIA your office produced in August 2024 that is widely recognized as incomplete, questionable, lacking in facts, highly assumptive and open to challenge.

With that, we are once again requesting that a credible and comprehensive SRIA economic impact study be performed as part of this process that:

- Ensures a true, fair and inclusive process.
- Is comprehensive including empirical and objective analysis that identifies all impacts from these and any final related regulations on (1) our member cardroom cities and communities, (2) cardroom cities throughout California, as well as (3) neighboring non-cardroom cities who experience a sphere of influence and impacts from their local neighboring cardrooms.
- Identifies and understands how any proposed regulations will impact these games played in our cardrooms.
- Identifies mitigations on their effects and limitations on cardroom tables (if any).
- Identifies job losses in both our cardrooms, cardroom support industries, and in our local communities.
- Identifies mitigations for the local economic harm, unemployment, loss of local government general funds, and other potential negative effects on our and other cardroom cities.

We want to work with you and all stakeholders in the process, but we are confident you will agree there exists a foundational and critical need for the Bureau as part of its analysis to identify the comprehensive microeconomic impacts to not only our cardrooms, but their employees and our

local communities that host card rooms, as well as others. If the Bureau is truly going to consider the impact of the concept and final regulations, it is undeniable that there exists a need to identify, consider and mitigate the far-reaching impacts they will have on our local communities at our local community level. To do so under the current, flawed and inadequate SRIA economic impact analysis and findings would be intentionally negligent, irresponsible, unfair and can be reasonably viewed as an attack against our traditionally marginalized communities.

## CONCLUSION

In summary, we and our local member governments are deeply concerned regarding the threat your current draft concept proposals on Blackjack-Style Games based on a flawed SRIA analysis poses on our member cities that are financially dependent on the revenues generated by cardrooms. Until our reasonable requests are respected and taken into account, our JPA will participate and vigorously protect our communities, which have historically faced economic challenges, in order to ensure their continued fiscal stability and ability, and to protect them against unfair and negligent processes like the one your office is currently adopting and following.

We look forward to hearing from you and hope you will truly consider our comments and requests this time on behalf of our communities, our industry partners, and the tens of thousands of employees they support. We continue to be ready to work with you towards the development of final regulations that do not harm, undermine nor devastate our historically disadvantaged communities, residents, nor cardrooms.

Sincerely,

Juan Garza  
Executive Director  
California Cities for Self-Reliance Joint Powers Authority





May 29, 2025

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Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA 95834

**RE: Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position**

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## CONCLUSION

In summary, we and our local member governments are deeply concerned regarding the threat your current draft concept proposals on Rotation of the Player-Dealer Position based on a flawed SRIA analysis poses on our member cities that are financially dependent on the revenues generated by cardrooms. Until our reasonable requests are respected and taken into account, our JPA will participate and vigorously protect our communities, which have historically faced economic challenges, in order to ensure their continued fiscal stability and ability, and to protect them against unfair and negligent processes like the one your office is currently adopting and following.

We look forward to hearing from you and hope you will truly consider our comments and requests this time on behalf of our communities, our industry partners, and the tens of thousands of employees they support. We continue to be ready to work with you towards the development of final regulations that do not harm, undermine nor devastate our historically disadvantaged communities, residents, nor cardrooms.

Sincerely,

Juan-Garza  
Executive-Director  
California Cities for Self-Reliance Joint Powers Authority



# CALIFORNIA CITIES GAMING AUTHORITY

May 23, 2025

A. McMillen, Regulations Coordinator      Via U.S. Mail and BGC\_Regulations@doj.ca.gov  
California Department of Justice  
Bureau of Gambling Control  
2450 Del Paso Road, Suite 100  
Sacramento, California 95834

## **Re: CCGA Opposition to Bureau Regulations on Blackjack**

The California Cities Gaming Authority (“CCGA”) is a joint powers authority comprised of the Cities of Gardena, Inglewood and Colma. Each City member of the CCGA has an adopted gaming ordinance through which it licenses, regulates and taxes card rooms. The CCGA and each of its Member Cities are interested parties because they license, regulate and tax Card Rooms from which they derive substantial revenues to operate their respective Cities.

Thus, the CCGA has reviewed the **INITIAL STATEMENT OF REASONS** prepared by the Bureau of Gambling Control necessary to adopt proposed Regulations 2010, 2073, 2074 and 2075 that seek to change the current statutory scheme by which Blackjack card games are played in California Card Rooms by imposing extreme, unauthorized restrictions against the play of “Blackjack” Styled games, which are permitted by Penal Code §330.

The CCGA submits this letter to the Bureau to express its reasons for opposing the Bureau’s Initial Statement of Reasons and proposed Regulations 2010, 2073, 2074, and 2075, because the proposed regulations will eliminate the play of all Blackjack styled, except one specific game defined by the Bureau, which have been played for 25 years since the adoption of the Gambling Control Act and that the Bureau has approved to be lawful.

The CCGA foresees that the Bureau’s proposed regulations are likely to devastate the play of card games in Card Rooms across California, impose huge financial deficits on CCGA City Members and other Card Room Cities, cause Card Rooms to shut down and eliminate the Card Room workforce in California.

On the ground set forth in this letter, the CCGA requests the Bureau to withdraw the adoption of these proposed regulations.

## INITIAL STATEMENT OF REASONS

### PROBLEM STATEMENT

The Bureau states that the problem it seeks to correct is the continuation of the play of games that have been called “Blackjack” because some of those games may too closely resemble the card game called “21” that Penal Code §330 explicitly prohibits. However, the Bureau has approved the play of “Blackjack” games for 25 years precisely because they are not “*played in all other respects in the usual way, and according to the established rules*”<sup>1</sup> like the prohibited “21” card game. Therefore, the Bureau has been able to distinguish games of “21” and disapprove them, using the various references that define the prohibited game as illustrated on page 4 of its Initial Statement of Reasons. It has made these determinations under its authority to investigate and enforce the gaming laws that it recites; but the Bureau seeks to transform its enforcement authority into a legislative authority so as to prohibit “Blackjack” styled games that are permitted by Penal Code §330.

Furthermore, the Bureau fails to provide empirical evidence that demonstrates the reality of this alleged “problem” about “Blackjack” games that cry out for remedial legislative action. In addition, the Bureau fails to provide evidence that supports a determination that its major regulations will not have significant adverse economic impacts on Card Rooms, as required by Government Code §11346.2(b)(5)(A).

Certainly, with its role as enforcer of the Gambling Control Act, the Bureau would have numerous and adequate enforcement cases and civil and criminal actions to demonstrate the nature of the “problem” it seeks to remedy. Where are they? The Bureau also fails to produce any technical or theoretical study or report upon which it relies in proposing these major regulations as required by Government Code §11346.2(b)(3). What is the proof of the problem? How can it be known these major regulations are necessary to solve the problem? How can it be known these regulations do not impose an unnecessary and unreasonable burden on California Card Rooms?

In addition, the “problem statement” does not provide a list of the specific statutes or other provisions of law authorizing the adoption of these major regulations nor a list of the specific statutes or other provisions of law being implemented, interpreted, or made specific through these major regulations. Government Code §11346.2 (a)(2) and §11346.5 (a)(2).

Finally, the Bureau fails to explain why its authority to prohibit the play of games explicitly prohibited by Penal Code §330 is not sufficient for it to remedy the problem. Under Business & Professions Code §19826(g), the Bureau may or may not “*approve the play of any*

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<sup>1</sup> *People v. Gosset* (1892) 93 Cal 641, 643



*controlled game, including placing restrictions and limitations on how a controlled game may be played.”* Why is this authority insufficient to solve the problem?

Clearly, the Bureau possesses all the clout it needs to prohibit the play of “21” games; and it does not need Regulations 2010, 2073, 2074 and 2075. It appears the Bureau’s “Problem Statement” is illusory, as it fails to show a need for the regulatory intervention it proposes.

## **THE BUREAU REVIEWS AND APPROVES GAMES AND GAME RULES**

The Bureau is required to identify the provision of law that permits it to adopt the proposed major regulations. The Bureau fails to meet this burden. Thus, the CCGA is requesting the Bureau to abandon its effort to adopt Regulations 2010, 2073, 2074 and 2075. Government Code §11346.2 (a)(2) and §11346.5 (a)(2).

The Bureau asserts it is authorized to augment the current statutory scheme that permits the play of all games not prohibited by Penal Code §330, but it cites no statute or provision of law that authorizes the Bureau to legislate such an augmentation. Instead, the Bureau cites the statutes that allow it to approve the play of certain games; but they do not authorize it to adopt rules that prohibit the play of permitted games.

The Bureau references Penal Code §337j(e)(1) that defines a “controlled game” and alludes to the Bureau’s role in approving controlled games. But it does not authorize the Bureau to adopt any regulation, let alone a regulation that would prohibit the play of a game permitted under Penal Code §330.

Then, the Bureau cites Business & Professions Code §19826(g), §19943.5 and §19841. But the Bureau does argue that these statutes authorize it to adopt regulations that would prohibit the play of a game permitted under Penal Code §330. In fact, these statutes do not provide such authorization to the Bureau. The Bureau also cites Business & Professions Code §19801(g) and (h) whereby the legislature declared the policy underlying the Gambling Control Act. Likewise, these provisions lack any mention of the authority of the Bureau to adopt any type of regulations.

Business & Professions Code §19826 directs the Bureau to perform “investigatory functions” required by the Gambling Control Act and “auditing functions” under tribal gaming compacts. It also imposes responsibilities listed in subsections (a) through (g) on the Bureau, but it does not grant power to adopt regulations that will prohibit the play of permitted games.

While §19826(f) grants responsibility to the Bureau to “adopt regulations reasonably related to its functions and duties as specified in this chapter,” such a responsibility is not an authorization to adopt regulations that will prohibit the play of permitted game. Moreover, it is not an authorization to adopt regulations that will limit the number and type of “Blackjack” styled games to one such game only.

Likewise, §19826(g) does not authorize the Bureau to adopt regulations about the play of any controlled game. Instead, it imposes administrative responsibility on the Bureau to approve the rules for the play of controlled games submitted to the Bureau for approval. Nothing in §19826(g) states that the Bureau is empowered to adopt regulations about the play of any controlled game.

Similarly, §19943.5 grants no authority to adopt regulations. Instead, it provides an absolute defense to a gambling enterprise that has played a controlled game found to be unlawful in an enforcement action by the Bureau.

Thus, the Bureau's reliance on these Business & Professions Code Sections is misplaced. They do not authorize the Bureau to adopt the proposed regulations; and it fails its requirement to list an authority that permits it to adopt these administrative regulations. Govt Code §11349.1 and §11349(b).

#### 1. Limited Authority for Rulemaking is in the California Gambling Control Commission

The California Gambling Control Commission ("Commission"), not the Bureau, is granted authority to "adopt regulations for the administration and enforcement of the chapter." But the grant of authority does not extend to regulations that would prohibit or limit the play of permitted games. Business & Professions Code §19840, §19841 and §19842.

While the Commission is granted authority to "*provide for the approval of game rules and equipment by the department to assure fairness to the public,*" such authority does not include regulations that impose restrictions on the statutorily permitted games. Penal Code §330.

Furthermore, Business & Professions Code §19842 expressly prohibits the Commission from adopting regulations prohibiting the play of any permitted game or the manner of play of any game unless it finds a violation of law. It states:

***The commission shall not prohibit, on a statewide basis, the play of any game or restrict the manner in which any game is played, unless the commission, in a proceeding pursuant to this article, finds that the game, or the manner in which the game is played, violates a law of the United States, a law of this state, or a local ordinance.***

Thus, the Commission lacks power to adopt regulations that "*prohibit the play of any game or restrict the manner in which any game is played*" and the Commission has not found that the use of the player-dealer position violates any law. Therefore, it follows that the Bureau also lacks power to adopt the proposed regulations.

## 2. Bureau Lacks Authority to Adopt Rules about the Play of Any Game

An administrative agency's rule-making power does not permit the agency to exceed the scope of authority conferred on the agency by the Legislature. (*GMRI, Inc. v. California Dept. of Tax & Fee Administration* (2018) 21 Cal.App.5th 111, 124.) The agency may not use a rule or regulation to vary or enlarge the terms of a legislative enactment. (*Ibid.*) The agency may not compel that to be done which lies outside the statute's scope, and that cannot be said to be reasonably necessary or appropriate to subserving or promoting the statute's interests and purposes. (*Ibid.*) "[A] regulation which impairs the scope of a statute must be declared void." (*Ibid.*)

Further, an agency has no authority to promulgate a regulation that is inconsistent with controlling law. *Communities for a Better Environment v. California Resources Agency* (2002) 103 Cal.App.4th 98, as modified.

Here, the proposed Regulations would impose extensive restrictions on the play of "Blackjack" styled games that are permitted by Penal Code §330. Thus, the Bureau, through these regulations, seeks to exercise the power to amend Penal Code §330, but that power is reserved to the Legislature. Similarly, the Bureau seeks to interpret Penal Code §330, but it is a power reserved to the Judiciary.

The Bureau fails to demonstrate the statutory authority that directs it to adopt the proposed regulations. Under the "Gambling Control Act" caption of its Initial Statement, the Bureau cites only §19826 and §19943.5 of the Business & Professions Code; but nothing in these statutes authorize the Bureau to adopt regulations pertaining to the play of any game.

Since the Bureau fails to demonstrate its authority to adopt its proposed regulations, the CCGA requests the Bureau to cease its attempt to adopt the proposed regulations for failure to comply with Government Code §11346.2 (a)(2), §11346.5 (a)(2) and §11349.1.

## 3. The Proposed Regulations Constitute Legislation by the Bureau

Because the proposed regulations seek to impose new rules about gaming that prohibit the play of games permitted by law, they constitute legislation by the Department of Justice, which is the Executive Branch of Government. Thus, the Regulations are foreclosed under the separation of powers doctrine.

Article III, Section 3 of the California Constitution requires the separation of powers, which limits the authority of each of the three branches of government to arrogate to itself the core functions of another branch. (*Carmel Valley Fire Protection Dist. v. State* (2001) 25 Cal.4th 287, 297.) Although the separation of powers doctrine permits the Legislature to delegate some quasi-legislative or rulemaking authority to administrative agencies, the agency "has only as much rulemaking power as is invested in it by statute." (*Id.* at p. 299.) Because no statute authorizes the Bureau to adopt these restrictive regulations, they are foreclosed by the separation of powers doctrine.

In addition, the Bureau's proposed regulations seek to interpret statutes that authorize the play of "Blackjack Style" games that intrudes into the exclusive jurisdiction of the Judiciary to interpret statutes.

Clearly, the Bureau cannot adopt Regulation 2010, 2073, 2074 and 2075, because Blackjack games that are not "21" games are permitted by Penal Code §330. Furthermore, there is no need to adopt such regulations, because the Bureau has ample authority to pursue other remedies to address violations of the statutes that prohibit games.

For example, the Bureau may refuse to approve rules by which a "21" game is proposed for play under Business & Professions Code §19826(g). Ironically, the Bureau has approved all rules by which gambling establishments currently play "Blackjack" games. In addition, the Bureau is authorized to investigate any suspected violation of the laws pertaining to gaming. Business & Professions Code §19826(c), §19330(a). If satisfied with the existence of a violation of law, the Bureau may file an accusation to revoke the license of any gambling establishment that conducts prohibited games. Business & Professions Code §19330(b).

#### **BENEFITS ANTICIPATED FROM REGULATORY ACTION**

The Bureau alleges its proposed regulations will provide the following benefits:

- (1) Define what constitutes the prohibited game of "Blackjack or twenty-one"
- (2) Standards for Bureau to approve a permissible alternative to Blackjack,
- (3) Assist the Card Room industry and public to avoid unlawful gaming,
- (4) Notify the Card Room industry of game rules the Bureau will disapprove,
- (5) Consistent and fair evaluations of games,
- (6) Inform Card Room industry and public of the standards or approval and disapproval.

But the regulations provide no benefit to the Card Room Industry and the public, because they will deprive the industry and the public of playing many games that are permitted by Penal Code §330 and the many games that have been approved by the Bureau for 25 years. Indeed, the industry and the public are harmed.

Thus, the alleged benefits from these regulations are illusory. While the regulations may inform the Card Room Industry and the public of the games that will be disapproved and the standards for doing so, they inject confusion into the dialogue about the distinction between permitted and prohibited games, because Penal Code §330 permits "Blackjack" styled games. Furthermore, the alleged standards really are limitations on the manner of playing games that result in prohibiting the play of numerous games that are otherwise permitted by Penal Code §330 and that have been permitted by the Bureau.

Hence, the Bureau proposes to legislate new restrictions on the playing of games – not a rule that implements or interprets a specific statute that prohibits the playing of games.

The Bureau offers no evidence to show that the regulations are needed. The Bureau also fails to show how its authority to disapprove games and impose limits on how games may be played under Business & Professions Code §19826(g) is insufficient to disapprove game rules that seek to play the game “21” or other games that Penal Code §330 actually prohibits.

### **SPECIFIC PURPOSE AND NECESSITY OF EACH SECTION**

The Bureau states clearly that its purpose in seeking to adopt the Regulations is to prohibit the play of all “Blackjack” styled games, except the one single “Blackjack” game defined by the Bureau, although Penal Code §330 permits the play of all “Blackjack” styled games.

The Bureau explains that Section 2073 describes the game of “21” that it intends to prohibit, but the play of the game “21” is enumerated as prohibited for play by Penal Code §330.

The Bureau also explains that Section 2074 describes the single “Blackjack” styled game that it intends to permit. But the description of the single “Blackjack” styled game that it intends to permit necessarily prohibits the play of all other games that are permitted by Penal Code §330. The Bureau’s prohibition of other games is embedded in its explicit intent to prohibit games that have “bust” features and that convert the “push” feature from a tie to a win. But the Bureau fails to explain why it believes it can prohibit games that Penal Code §330 clearly permits in the absence of legislative direction.

Therefore, the Bureau’s proposed regulations are both unnecessary and unlawful, because all “Blackjack” games that it intends to prohibit are, in fact, permitted by Penal Code §330.

Equally egregious is the Bureau’s failure to assess and justify the severe economic impacts that its regulations will impose on all existing California Card Rooms and Card Room Cities.

### **TECHNICAL, THEORETICAL, EMPIRICAL STUDIES, REPORTS, DOCUMENTS RELIED ON**

The reference to Appendix A lists the letters that commented on the regulations after the Bureau made them public in September 2023. However, the Bureau makes no statement that it relies on any of them for evidence that supports its proposed major regulations. Thus, the CCGA observes that the Bureau has failed to comply with the mandate in Government Code Section 11340(a).

Furthermore, the Bureau’s many references to the rules of the play of the game of Blackjack that it is often called “21” does not justify how it can propose regulations that would prohibit the play of Blackjack in the absence of legislative authority to revise the prohibitions contained in Penal Code §330.

## **STANDARDIZED REGULATORY IMPACT ANALYSIS**

The Bureau attaches the Standardized Regulatory Impact Analysis (“SRIA”) dated August 2024 as Appendix B and the Standardized Regulatory Impact Analysis dated December 2024 (“SRIA-R”) as Appendix D. But the Bureau does not state that it has relied on them to assess the economic impacts of the proposed regulations on California Card Rooms and California Gaming Cities or to determine that they are not unnecessary or unreasonable regulations. And the Bureau does not state that it has relied on them to make a finding that it is necessary for the health, safety, or welfare of the people of the state that these regulations apply to California Card Clubs. Lastly, the Bureau does not state that the proposed regulations are “an efficient and effective means of implementing the policy decisions enacted” by any named statute or other provision of law in the “least burdensome manner.”

The CCGA believes that the SRIA and the SRIA-R are not compliant with the statutory and regulatory requirements pertaining to the elements for a SRIA and that they do not support the proposed regulations. The major deficiencies of the Bureau’s SRIAs are:

- A. They fail to determine whether the proposed regulations are an efficient and effective means of implementing the policy decisions enacted in statute or by other provisions of law in the least burdensome manner, because no statute or other provision of law is identified as the law being implemented, interpreted or made specific by the proposed regulations.
- B. They lack adequate and correct information on required issues including the revenue of the Card Rooms and the tax revenues paid to the Gaming Cities that license them.
- C. They make unsupported assumptions including the forecast that gaming in Card Rooms will be reduced by only 50% because of the proposed regulations.
- D. They use the 2023 TPPPPS revenue of \$794 Million to forecast Card Room revenue losses due to the proposed regulations, instead of the 2023 Card Room revenue of \$1.35 Billion.
- E. They characterize the revenue losses of Card Rooms and Gaming Cities as negligible by comparing them to state revenues. They do not compare the difference in Card Rooms and Gaming Cities revenues before and after the proposed regulations are implemented.
- F. They fail to quantify the alleged benefits of the proposed regulations.
- G. They fail to find that it is necessary for the health, safety, or welfare of the people of the state that the regulation apply to Card Room businesses.
- H. They are not gaming industry specific in that the analysis uses known statewide economic factors for the entertainment industry **but not factors specific to restrictive regulatory impacts on California Card Rooms**. Thus, their conclusions are suspect.



## **1. Avoidance of Unnecessary or Unreasonable Regulations on Business Enterprises**

Before adopting a major administrative regulation, the Bureau is required to assess “***the potential for adverse economic impact on California business enterprises and individuals, avoiding the imposition of unnecessary or unreasonable regulations.***” Government Code §11346.3(a). To this end, the Bureau must adhere to three requirements.

The first of these requirements is to base the proposed adoption of a regulation on “*adequate information concerning the need for, and the consequences of, proposed governmental action.*” Govt. Code §11346.3(a)(1).

The second of these requirements is to “*consider the proposal’s impact on businesses, with consideration of industries affected, including the ability of California businesses to compete with businesses in other states.*” Govt. Code §11346.3(a)(2).

The third of these requirements is to prepare an economic impact assessment for a major regulation “*in accordance with subdivision (c) and shall be included in the initial statement of reasons as required by Section 11346.2.*” Govt. Code §11346.3(c)(1). The agency must prepare a “*standardized regulatory impact analysis (SRIA) in the manner prescribed by the Department of Finance (DOF) pursuant to Section 11346.36*” that addresses the following:

- (A) The creation or elimination of jobs within the state.
- (B) The creation of new businesses or the elimination of existing businesses within the state.
- (C) The competitive advantages or disadvantages for businesses currently doing business within the state.
- (D) The increase or decrease in investment in the state.
- (E) The incentives for innovation in products, materials, or processes.
- (F) The benefits of the regulation, including, but not limited to, benefits to the health, safety, and welfare of California residents, worker safety, and the state’s environment and quality of life, among any other benefits identified by the agency.” Govt. Code §11346.3(c).

In addition, Government Code Section 11346.36(b) states that the preparation of the SRIA must comply with Department of Finance regulations that specify the methods for:

1. Assessing and determining the benefits and costs of the proposed regulation, expressed in monetary terms
2. Comparing the proposed regulatory alternatives with an established baseline so agencies can make analytic decisions for the adoption of regulations necessary to determine that the proposed action is the most effective or equally effective and less burdensome, alternative in carrying out the purpose for which the action is proposed or the most cost-effective alternative to the economy and to affected private persons that would be equally effective in implementing the statutory policy or other provision of law.

3. Determining the impact of a regulatory proposal on the state economy, businesses, and the public welfare
4. Assessing the effects of a regulatory proposal on the General Fund and special funds of the state and affected local government agencies attributable to the proposed regulation

Further, Govt. Code §11346.3(e) declares that these analyses are intended:

*“to provide agencies and the public with tools **to determine whether the regulatory proposal is an efficient and effective means of implementing the policy decisions enacted in statute** or by other provisions of law **in the least burdensome manner. Regulatory impact analyses shall inform the agencies and the public of the economic consequences of the regulatory choices**, not reassess statutory policy. The baseline for the regulatory analysis shall be the most cost-effective set of regulatory measures that are equally effective in achieving the purpose of the regulation in a manner that ensures full compliance with the authorizing statute or other law being implemented or made specific by the proposed regulation.”*

Finally, to avoid the imposition of unnecessary or unreasonable regulations, a state agency shall not apply a major regulation to businesses unless the state agency makes a finding that it is necessary for the health, safety, or welfare of the people of the state that the regulation apply to businesses. Govt. Code §11346.3(d).

## **2. Bureau August 2024 Standard Regulatory Impact Assessment (SRIA)**

On December 20, 2024, the CCGA sent a letter with its comments and objections to the Bureau’s SRIA dated August 2024 and requested it be made part of the record pertaining to the proposed regulations seeking to restrict the use of the play of Blackjack card games to one Blackjack card game created by the Bureau and drastically curtails the Rotation of the Player Dealer Position in all card games (“REGS”).

However, the Bureau has not responded to the CCGA’s letter and has not included it in the Notice of Proposed Action or in the Initial Statement of Reasons. Because the comments and objections in the CCGA’s letter are valid and remain unanswered, the greater part of the CCGA’s letter is restated below in italics:

*The CCGA observes that the SRIA does not comply with many requirements essential to a valid SRIA, which are imposed by Government Code Sections 11346.3 and 11346.36. Thus, the CCGA requests the Bureau to make this letter a part of the record of the REGS proposed by the Bureau and submit it to the Office of Administrative Law.*

*The conclusions of the SRIA are not credible because they are based on inadequate and incomplete information concerning the need for, and consequences of, the proposed governmental action (the “REGS”), as required by Section 11346.3(a)(1). Specifically, the SRIA fails to describe and consider the REGS in the context of the established legislative plan that permits the play of all Blackjack card games in California card rooms.*

*For example, the SRIA fails to disclose the elements of the many \*Blackjack card games that are “questionable” under the established legislative plan that the REGS propose to remedy, nor the “allowed activities” for which the REGS would “provide guidance.” Likewise, the SRIA fails to acknowledge that all Blackjack games are not legally questionable, because they have been approved by the Bureau and the California Gambling Control Commission (“CGCC”) under the established legislative plan.*

*Furthermore, the SRIA omits the fact that the REGS would prohibit the use of all current Blackjack card games in all current card games through an administrative reversal of the established legislative plan. Thus, the SRIA evades the requirement to evaluate the devastating effect of the REGS on California card rooms and the loss of millions of dollars in revenues to card rooms and to Cities. **The SRIA focuses solely on the impact of the REGS on the California economy as a whole, but not on the card room industry nor the Cities that license them.***

*Regarding the requirement to analyze the creation or elimination of jobs within the state under Section 11346.3(c)(1)(A), the SRIA conclusion that the impact of the REGS on the 18,000 card room employees will be “imperceptible” is neither factual nor credible.*

*As to the creation of new businesses or the elimination of existing businesses in the state under Section 11346.3(c)(1)(B), the SRIA analysis of the REG’s impact is based upon assumed, unidentified and unsupported incremental effects of the REGS. Furthermore, such effects are wholly unrelated to the established legislative plan, the manner in which card games are played, and the behavior of card players during the play of the games. Nevertheless, the SRIA concedes a revenue loss of \$464,000,000 to card rooms, which amount may be understated.*

*Next, the SRIA fails to identify articulable regulatory alternatives to the established legislative plan (the “established baseline”) for the play of Blackjack card games as required by Section 11346.36(b)(2). Thus, the SRIA comparison to alternative REGS is illusory.*

*The SRIA reveals no benefit to the health, safety and welfare of California residents, worker safety, and the state’s environment and quality of life from the REGS. Likewise, the SRIA does not find that the REGS are necessary for the health, safety, or welfare of the people of the state as required by Sections 11346.3(c)(1)(F) and 11346.3(d).*

*Lastly, the SRIA fails to assess the negative effects of the REGS on the General Funds of the affected Cities attributable to the REGS as required by Section 11346.36(b)(4). All such Cities are interested parties, because the REGS would impose insurmountable restrictions on the play of card games that will devastate card room revenues and taxes paid to such Cities.*

*The CCGA believes the REGS are not viable, because they remedy no problem under the established legislative plan and constitute legislation by an administrative agency. The REGS also are harmful to card room Cities, because they will prohibit the play of nearly all card games in our cities and deprive us of tax revenues that cannot be replaced.*

### **3. Department of Finance Letter dated September 26, 2024 to Bureau**

The Bureau of Gambling Control submitted the SRIA dated August 2024 to the Department of Finance (DOF) for review. The DOF identified seven Deficiencies in the Bureau's SRIA by a letter dated September 26, 2024 [Appendix C].

The Bureau's consultant that prepared the SRIA, Berkeley Economic Advising and Research, LLC (BEAR), sent a letter to the DOF dated November 19, 2024 serving as the "Agency's response" offering comments to five of the seven Deficiencies to the SRIA raised by the DOF.

### **4. Bureau December 2024 Standard Regulatory Impact Assessment (SRIA-R)**

In addition to the BEAR letter, the Bureau introduces a Revised SRIA dated December 2024. The BEAR letter and the Revised SRIA are attached to the Bureau's Initial Statement of Reasons as Appendix D. But the BEAR letter does not respond adequately to the DOF; and the Bureau fails to state whether and where the SRIA-R responds to the DOF Deficiencies.

Here, the CCGA comments about the insufficiency of the SRIA-R in the context of the DOF letter dated September 26, 2024 and the BEAR letter dated November 19, 2024.

### **5. SRIA Deficiencies Found by the Department of Finance**

The Department of Finance ("DOF") letter dated September 26, 2024 to the Bureau of Gambling Control [Exhibit C] identifies the following Deficiencies in the Bureau's Standardized Regulatory Impact Assessment ("SRIA") dated August 2024 and Form DF-131 pertaining to the economic impacts of the proposed Player-Dealer and Blackjack Regulations on the Card Room Industry and Local Government:

1. The inferred **benefits of the regulations were not quantified**.
2. The disproportionate impact of the regulations on **state and local tax revenues was not quantified**.
3. The SRIA currently only discusses the macroeconomic baseline and states that the overall California economy would grow according to Finance's macroeconomic projections. The SRIA **did not clearly identify the regulatory baseline** used to analyze the change in behavior as a result of the proposed regulations, including a **description of number and types of businesses impacted**, in order to augment the disparate impacts to local governments.

4. The proposed regulatory alternatives should then be compared to the defined baseline and include quantified cost impacts. The SRIA currently only discusses some qualitative impacts and quantifies the macroeconomic impacts, rather than **estimating the cost impacts of each proposed alternative**.
5. The SRIA must provide the **rational for any underlying assumptions that are material to the analysis**. The SRIA currently **assumes a 50 percent change resulting from each regulatory change** based on expert opinion, but the **SRIA should justify why this is a reasonable assumption and provide historical data or other evidence for the specific 50 percent estimates**. In addition, DOJ can also augment the analysis with a sensitivity analysis to show how impacts may vary under different plausible response impacts.
6. The SRIA should also clearly **describe the timing of the impacts** and provide **estimates of ongoing impacts**, as it is currently unclear whether the impacts are one-time or ongoing.
7. Lastly, **the SRIA must provide quantitative estimates of any revenue changes at the local level**. The SRIA provides state and local government impacts in aggregate amounts and mentions that there will be disproportionate impacts on certain localities due to cardroom locations, but that disaggregated data is not available. In this case, DOJ should make reasonable assumptions about the impact based on available data and information to provide a quantitative estimate of impacts to local governments.

In response to the Deficiencies identified by the DOF, the Bureau's consultant, Berkeley Economic Advising and Research LLC (BEAR), submitted a letter to the DOF dated November 19, 2024.

#### **DOF Deficiency 1: No Quantification of Benefits**

BEAR did not respond to **Deficiency 1**. The failure to **quantify the benefits** of the proposed regulations renders the SRIA non-compliant with Govt. Code Sections 11346.3(a)(1), 11346.3(c)(1)(F), 11346.36(b)(1) and DOF Regulation 1 CCR §2002(b)(1) and 1 CCR §2003(c).

Without quantifying the alleged benefits of the proposed Major Regulations, there can be no basis for a finding that they outweigh the adverse economic impact on the Card Room Industry and on Gaming Cities or for a finding that it is necessary for the health, safety, or welfare of the people of the state that the Major Regulations apply to businesses.

#### **DOF Deficiency 2: No Data of Disproportionate Impact on Tax Revenues**

BEAR did not respond to **Deficiency 2**. The failure to quantify the impacts considered to be disproportionate because of the proposed regulations on **state and local tax revenues** renders the SRIA non-complaint with Govt. Code Sections 11346.3(a)(1), 11346.36 (b)(1),

11346.36(b)(4) and DOF Regulations 1 CCR §2002(b)(1), 1 CCR §2003(c) and 1 CCR §2003(h).

SRIA Section 4.2 states that the importance of state and local tax revenues may be disproportionate to the Cities that license Card Rooms because the Card Rooms are unevenly dispersed across the state. BEAR's argument of disproportionality and the failure to quantify it avoids the fact that the impact of the proposed regulations occurs only in the areas of the state where the Card Rooms are located and nowhere else. Therefore, DOF requested the data about this subject to be quantified.

While SRIA Section 4.2 contains Table 4.1 that suggests a statewide loss of state and local tax revenues, it lacks detail and explanation. In fact, Section 4.2 and Table 4.1 do not provide data about tax revenues and tax losses of Gaming Cities that derive tax revenues from their licensed Card Rooms even though Section 4.2 states "it is possible to estimate expected changes in state and local revenue" and admits "BGC has collected detailed data on state and local license and fee collections, then aggregated them to protect confidentiality of both operators and municipalities."

The SRIA also fails to show the percentage of state and local revenue losses expected from the proposed regulations and how such percentage was determined other than the note "Author estimates" below Table 4.1.

Of course, the purpose of daylighting the tax revenues and losses of the Gaming Cities is to show the immense adverse impact of the proposed regulations on local communities. And regardless of the dispersal of Card Rooms, or the distance between them, the impact of the proposed regulations on local communities is unique, destructive and distinguishable from the impact on the overall state economy. This explains why Government Code Sections 11346.36 (b)(1) and 11346.36(b)(4) require the impact of the proposed regulations on cities and city revenues to be assessed directly and separably - not in the context of or subsumed in the impact on the statewide economy.

The failure to provide this data certainly suggests that the Bureau and BEAR are deliberately withholding data on the impact of the proposed regulations on local tax revenues. It also is important to remember that an agency's proposed regulations "*shall be based on adequate information concerning the need for, and consequences of, proposed governmental action.*" Government Code Section 11246.3(a)(1). Without the data, the consequences of the proposed Major Regulations cannot be revealed fully.

### **DOF Deficiency 3: No Regulatory Baseline**

To **Deficiency 3**, BEAR's letter merely states: "The macroeconomic analysis has been updated after recalibration to the July 2024 release of DOF forecasted, cited and linked in the revised text of the SRIA." However, BEAR's letter does not identify such updates in the revised text of the SRIA. More importantly, BEAR does not state that it identified a **regulatory baseline, the number and the types of businesses impacted** as requested by the DOF and



required by Government Code §§11346.3(a)(1), 11346.36(b)(1), 11346.36(b)(2) and DOF Regulations 1 CCR §2002(b)(1), 1CCR §2002(c)(7) and 1 CCR §2003(d).

Section 1.2 of the SRIA entitled “Regulatory Baseline” appears to be the basis of the DOF finding that the SRIA does not identify the required regulatory baseline. Section 1.2 merely explains the purpose of the regulatory baseline. Then, it implies that the growth of the California economy is the appropriate baseline, and that the SRIA analysis is related to economy-wide models in some unspecified manner. Yet the SRIA does not identify a regulatory baseline, which explains the DOF finding of non-compliance. Without a proper baseline, the scenarios with and without the proposed regulations cannot be differentiated.

Section 2 of the SRIA entitled “Impacts on California Businesses” states that the proposed regulations will impact all California’s 86 Card Rooms and all 36 active TPPPS, as well as gaming related businesses and associated attractions or appurtenant services including restaurants, bars and hotels. It states that the entire Card Room Industry “employs an estimated 18,000 people in California, generating \$730 million in wages and benefits, and contributes \$3 Billion to overall economic activity” relying on the 2019 Study by John Dunham & Associates. The SRIA also offers Table 2.1 to show revenues from 2011 to 2023 from Card Rooms, Tribal Casinos and TPPPS, based on data provided by the Bureau.

Then, SRIA Section 2.3 entitled “Compliance Costs” articulates four assumptions. (1) “we assume that the proposed regulations will reduce the number of TPPPS in cardrooms.” (2) “we assume that changes to the player-dealer position will lead to the unintended consequences of some cardroom customers shifting patronage to tribal casinos.” (3) “we also assume 50% of cardroom TPPPS patronage (by revenue) will be diverted to tribal casinos. This estimate is consistent with expert opinion” (without identifying the expert, the opinion and the basis of the opinion). (4) “we assume overall casino patronage within California borders remain intact.”

While the SRIA opines that the proposed regulations will cause a reduction of cardroom customers, it does not provide the basis for the assumed reduction of customers and losses of revenues and offers no evidence in support. For example, it assumes a 50% reduction of TPPPS revenue in Scenario A and C, a 50% reduction of Blackjack revenue in Scenario B, and a 100% reduction of Blackjack revenue in Scenario C. But there is no assumed percentage loss in customers and revenues to the Card Rooms on the games affected by the Player Dealer regulations.

More important and to the point, the SRIA does not identify a **regulatory baseline** requested by DOF, as required by Govt Code §§11346.3 (a)(1), 11346.36 (b)(1), 11346.36 (b)(2), and DOF Regulations 1 CCR §2002 (b)(1), 1CCR §2002 (c)(7) and 1 CCR §2003 (d). Therefore, the calculated revenue losses in Scenarios A, B and C are unsupportable and invalid, because they have not been evaluated based on a valid regulatory baseline and they cannot be compared to such a regulatory baseline. This is shown in the calculation of

revenue loss in Scenario A where an assumed 50% loss in 2023 TPPPS revenue of \$793 Million results in a \$396 Million TPPPS loss. However, the SRIA erroneously attributes this \$396 Million loss in TPPPS revenue as the 2023 Card Room revenue loss.

Instead, the 2023 Card Room revenue of \$1,356 Billion would result in a \$678 Million revenue loss to Card Rooms, based on an assumed 50% reduction in gaming, and a \$1.02 Billion revenue loss to Card Rooms, based on an assumed 75% reduction in gaming.

#### **DOF Deficiency 4: No Costs of the Regulatory Alternatives**

To **Deficiency 4**, BEAR's letter states that Table 5.1 and supporting narrative have been added to detail the **costs and benefits of the proposed alternative regulatory scenarios**. It also states that the *"indirect and induced costs and benefits of the macro assessment do not track the cardroom industry."*

To begin with, Table 5.1 is misleading, because it conflates TPPPS revenue losses with Card Room revenues losses, as noted above. Indeed, Table 5.1 shows only a TPPPS revenue loss of \$792 Million (Table 2.1). Table 5.1 omits Card Room losses based on their \$1.356 Billion revenues (Table 2.1) upon the full implementation of the Proposed Regulations or their regulatory alternatives.

Table 5.1 also omits losses of employees, wages, gaming city taxes, and state and local business taxes whether direct, indirect or induced upon the full implementation of the Proposed Regulations or their regulatory alternatives. Perhaps, BEAR omits such losses due to its statement that indirect and induced costs do not track the Card Room Industry. However, the indirect and induced revenues of the Card Room Industry are set forth in the 2019 study by John Dunham & Associates (SRIA, page 17) that contradicts BEAR's belief.

Again, neither Table 5.1 nor the Section 5 narrative identify the regulatory baseline, or the evidence and the assumptions BEAR used to derive the revenue losses shown in Table 5.1 as noted above.

More importantly, Table 5.1 omits total revenues of the Card Rooms from games currently played with a Player-Dealer and for all Blackjack styled games, which are necessary to establish the regulatory baseline.

Finally, SRIA Section 5.4 dismisses the significance of the revenue losses of the Card Rooms and the TPPPS by stating that the impact of the regulations on the statewide economy is negligible. But this is the wrong standard. Instead of comparing the revenues losses of Card Rooms and TPPPS to the statewide economy, BEAR should have compared the revenue losses after implementation of regulations to the baseline revenues before the regulations.

## **DOF Deficiency 5: No Rationale and Data Supporting a 50% Change**

To **Deficiency 5**, the SRIA acknowledges that neither the Bureau nor BEAR have found any data that supports its assumption of a 50 percent change due to the proposed regulations. And it states: “In the absence of such evidence, the assumptions made for this analysis were intended to be indicative.” Thus, the Bureau concedes that it offers no reliable, evidence-based assessment of the impact of the proposed regulations on Card Club Industry revenues and that the impact is just as likely to be greater as suggested by the Card Club Industry and Gaming Cities.

But the SRIA’s statement that the Bureau and BEAR are unable to find data about the reduction of gaming due to the proposed regulations is not credible. The Bureau has a goal for the effect of its proposed regulations, because it has drafted them to achieve a particular goal. It did not draft the proposed regulations without a clear intent. It knows what it wants to achieve. It knows the revenues of the industry including every Card Room and TPPPS.

Surely the Bureau knows the extent of the gaming it wants to curb! That goal is the basis of the changes in the play of card games intended to be achieved by its proposed regulations. With knowledge of its goal, the Bureau and BEAR know how to arrive at appropriate operational assumptions about the impact of the proposed regulations and regulatory alternatives on the play of card games. In addition, the Bureau and BEAR should know other methods to ascertain reasonable projections of the changes to Card Room gaming due to the proposed regulations that are independent of the Bureau’s intended goal.

DOF regulations requires the SRIA to describe and explain “*The economic impact method and approach, including the underlying assumptions the agency used and the rationale for those assumptions.*” 1 CCR 2002(b)(2).

On the amount of reduction in gaming due to the proposed regulations, the Bureau’s failure to provide realistic assumptions based on reliable data is a major failing of the SRIA and renders it invalid.

## **DOF Deficiency 6: No Timing of Impacts or Estimates of Ongoing Impacts**

To **Deficiency 6**, BEAR states the SRIA details the timing and interactions of the rule changes in the proposed regulations and alternatives, but it does not state where such information is contained in the SRIA.

BEAR did not respond to **Deficiency 6**. The SRIA discusses elements of the economic impact of the proposed regulations in Section 2.3 and Section 5.3; but they do not describe the timing of the impacts nor provide estimates of ongoing impacts.

SRIA Section 2.3 entitled “Compliance Costs” discloses a loss of TPPPPS revenue and fewer employees due to a 50% loss of players. It also discloses a loss of all Blackjack games. Except for stating that the losses from both regulations under Scenario C will begin in late 2025, it fails to state whether the losses would be one time or ongoing. SRIA Section 5.3 is similar.

This failure to provide the data requested by the DOF renders the SRIA non-compliant with Govt Code §§11346.3(a)(1), 11346.3(c)(1), 11346.36(b)(1)(4) and DOF Regulations 1 CCR §2002(b)(1) and 1 CCR §2002(c)(5)(6).

### **DOF Deficiency 7: No Quantitative Estimates of Local Revenue Changes**

To **Deficiency 7**, BEAR claims the Bureau has “collected a relatively complete set of data on state and local license and fee collections, and these have been aggregated to protect confidentiality of both operators and municipalities.” It also claims to have added a table of estimates and supportive narrative to elucidate local fiscal impacts.

The DOF correctly requests the Bureau to provide “**quantitative estimates of any revenue changes at the local level**,” because the SRIA only provides state and local revenue data in aggregate amounts and states that the disaggregated data is not available. The information DOF requests is required by Government Code Sections 11346.3(a)(1), 11346.36 (b)(1), 11346.36(b)(4) and DOF Regulations 1 CCR §2002(b)(1), 1 CCR §2002(c)(5)(6), 1 CCR §2003(c) and 1 CCR §2003(h).

SRIA Section 4.2 and Table 4.1 suggest that Cities will experience a loss of \$95 Million due to the proposed regulations. They do not explain how the amount was determined, the period during which the loss will be sustained, nor any changes in the amount. The SRIA states that the amount is an aggregated amount, even though it acknowledges the Bureau has collected detailed data on local tax revenues.

Section 4.2 states that changes in local tax revenues due to the proposed regulations are negligible compared to state revenues. Then, it admits that changes (losses) in local tax revenues can be a “substantial challenge” to the gaming cities that will sustain them and that such losses “cannot be compensated by provisions in the proposed regulations.” In other words, the Bureau states that local revenue losses to Gaming Cities are negligible compared to statewide revenues; and devastating nevertheless to Gaming Cities.

Even so, the Bureau does not provide information about **local revenue changes** requested by the DOF. Furthermore, the information provided about local tax revenue losses is inadequate and incorrect for the following reasons:

1. Table 2.1 shows 2023 Card Room revenue to be \$1.36 Billion, total Blackjack revenue to be \$134 Million, total No Bust Blackjack revenue to be \$37 Million and total TPPPPS revenue to be \$794 Million.

2. But Table 4.1 shows no tax revenue loss to gaming cities from the 2023 Card Room revenue of \$1.36 Billion except the \$14 Million loss from Blackjack.
3. And Table 4.1 shows a gaming cities tax revenue loss of \$81 Million, but the \$81 Million tax revenue loss is from TPPPS – not from Card Rooms.
4. The \$95 Million tax loss to gaming cities is understated by a substantial amount.

**BEAR's failure to provide the impact on local tax revenues is inexcusable**, because local tax revenue from Card Rooms is readily available. Card Rooms are required to report all gaming revenues each year to the Bureau on Form CGCC-CH5-01. Indeed, Table 2.1 shows Card Room revenues were obtained from the Bureau. Thus, BEAR could have obtained each Card Room's revenues from the Bureau and the gross tax rates on each Card Room from the Gaming City's ordinance. With that data, BEAR could have calculated the correct taxes paid by each Card Room to its Gaming City and aggregated them to obtain the correct total amount. It also could have used those tax revenue amounts to calculate tax revenue losses of each gaming city using various assumed percentage losses.

The significance of SRIA Section 4.2 and Table 4.1 is that they fail to **quantify estimates of revenue changes at the local level** from the proposed regulations as requested by the DOF.

Again, the Section 4.2 statement that "tax changes are a negligible share of state revenue" makes the wrong comparison. Here, the correct legal standard is the impact of the proposed regulations on **local tax revenues** – not their impact on the statewide economy or statewide revenues.

#### **DETERMINATION OF SIGNIFICANT STATEWIDE ADVERSE IMPAT DIRECTLY AFFECTING BUSINESS**

The Bureau states that it has made an initial determination that the proposed action (major regulations) may have a significant, statewide adverse economic impact directly affecting business, as described in the SRIA.

What is truly significant is that the Bureau does not make a finding that the regulations are necessary for the health, safety, or welfare of the people of the state that the regulations apply to California Card Rooms. Thus, the Bureau cannot adopt them. Government Code §11346.3(d).

#### **REASONABLE ALTERNATIVES AND REASONS FOR REJECTING THOSE ALTERNATIVES**

The Bureau claims to have considered several alternatives to the proposed regulations. But it fails to show that such alternatives are reasonable, because they are not shown to be less burdensome and equally effective in achieving the purposes of the regulations in a manner that ensures full compliance with the authorizing statute or other law being implemented or made specific as required by Government Code Section 11346.2(b)(4). Thus, the Bureau

does not comply with its duty of avoiding unnecessary and unreasonable regulations, as compelled by Government Code Section 11346.3(a).

The Bureau's failure to comply with these requirements is insurmountable. First, the Bureau does not list an authorizing statute or other law being implemented or made specific through its proposed regulations. Second, the Bureau does not provide evidence of the nature and extent of the problem it seeks to correct, the need for and consequences of the regulations, and how the regulations would correct the problem. Third, the Bureau does not provide a baseline for its intended purpose.

Thus, there is no basis or standard by which to assess and compare the burdens and the effectiveness of the proposed regulations or alternative pertaining to their economic impact on the Card Room industry, which renders the alternative analysis meaningless.

#### **Section 2074, subdivision (a) – Required Rules**

The alternative rule is indistinguishable from the proposed regulation. The alternative rule merely proposes to change the values of cards in the game, such as assigning face cards a value other than 10. The rule does not change the manner of the play. Thus, the alternative rule is not a substantive alternative to the proposed regulation.

Furthermore, the alternative rule is not a reasonable alternative to the proposed regulation under Government Code Section 11346.2(b)(4). This is because the Bureau fails to show that the impact of the alternative rule on the Card Room Industry is less than the impact of the proposed regulation. In fact, it provides no evidence of the impact of the regulation or the alternative rule. Thus, the Bureau's conclusion that this alternative rule would be too restrictive is without meaning and lacks merit. The alternative rule is not compliant with the Bureau's duties under Government Code §11346.2(b)(4) and §11346.3(a).

The Bureau refers to a second alternative, but the substance of the alternative is not sufficiently articulated. Perhaps, it is an oversight, but the lack of substance renders a meaningful analysis impossible.

Under the rules, the only permitted game must have rules with all of the following elements: (1) A no "bust" feature, (2) A win goes to the player or dealer whose card values are closest to the Target Point, (3) The Target Point cannot be 21, greater than 20 or less than 22 (4) The Target Point must remain constant and (5) the point values assigned to each card must remain constant, (6) No player wins by merely getting an ace and a card value at ten points, and (7) On a tie between a player and the dealer, the Player wins.

#### **Section 2074, subdivision (a)(3) – Required Rules**

Similarly, the alternative rule under this caption is indistinguishable from the proposed regulation. This alternative rule merely proposes to change the values of the King, Queen

and Jack cards in the game. This alternative rule does not change the manner of the play. Thus, this alternative rule is not a substantive alternative to the proposed regulation.

Furthermore, this alternative rule is not a reasonable alternative to the proposed regulation under Government Code Section 11346.2(b)(4). This is because the Bureau fails to show that the impact of this alternative rule on the Card Room Industry is less than the impact of the proposed regulation. In fact, it provides no evidence of the impact of the regulation or this alternative rule. Thus, the Bureau's conclusion that this alternative rule would be unreasonably burdensome is without meaning and lacks merit. This alternative rule is not compliant with the Bureau's duties under Government Code §11346.2(b)(4) & §11346.3(a).

### **Performance Standard as Alternative**

The proposed regulations use fixed rules rather than performance standards. The effect is that there is no discretion to permit "Blackjack" Styled games that are permissible under Penal Code §330.

Based on the grounds and reasons set forth in this letter, the CCGA respectfully requests the Bureau withdraw its proposed regulations on the play of "Blackjack" styled games.

Sincerely,

Jimmy L. Gutierrez, General Counsel



# CALIFORNIA CITIES GAMING AUTHORITY

May 22, 2025

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Bureau of Gambling Control  
2450 Del Paso Road, Suite 100  
Sacramento, California 95834

## **Re: CCGA Commentary on Bureau Regulations on the Player-Dealer Position**

The California Cities Gaming Authority ("CCGA") is a joint powers authority comprised of the Cities of Gardena, Inglewood and Colma. Each City member of the CCGA has an adopted gaming ordinance through which it licenses, regulates and taxes card rooms. The CCGA and each of its Member Cities are interested parties because they license, regulate and tax Card Rooms.

Thus, the CCGA has reviewed the **INITIAL STATEMENT OF REASONS** prepared by the Bureau of Gambling Control necessary to adopt proposed Regulations 2076 and 2077 that seek to change the current statutory scheme by which card games are played in California Card Rooms by imposing extreme, unauthorized restrictions on the use of the Player-Dealer Position in the play of card games.

The CCGA submits this letter to the Bureau to express its reasons for opposing the Bureau's proposed Regulations 2076 and 2077 and Initial Statement of Reasons, because the proposed regulations will eliminate or greatly restrict the play of most card games now played, which have been played for 25 years since the adoption of the Gambling Control Act and that the Bureau has approved to be lawful.

The CCGA foresees that the Bureau proposed regulations are likely to devastate the play of card games in card rooms across California, impose huge financial deficits on CCGA City members and other card room cities, cause card rooms to shut down and eliminate the card room workforce in California.

Thus, the CCGA requests the Bureau to withdraw the adoption of these proposed regulations based on the reasons expressed in this letter.



## INITIAL STATEMENT OF REASONS

### PROBLEM STATEMENT

The Bureau states that the problem it seeks to correct is that the Player-Dealer position can remain with a single player for an unrestricted time during the play of a controlled game. The Bureau suggests that the rules of play which permit such a result is a "type of game rule" that was held unlawful under Penal Code Section 330 in *Oliver v. County of L.A.* (1998) 66 C.A. 4<sup>th</sup> 1397. But the Bureau's "problem statement" ignores the legislature's subsequent adoption of A.B. 1416 that permits the described use of the player-dealer position and obviates the Bureau's "problem statement" and the need for proposed Regulations 2076 and 2077.

Penal Code § 330.11 and Business & Professions Code § 19805 and § 19984 of the Gambling Control Act have permitted the above-described rotation of the player-dealer positions since 2000 when A.B. 1416 was adopted. In furtherance of these statutes, the Bureau has approved game rules that have permitted the above-described rotation of the player-dealer position throughout the Card Room industry for twenty-five (25) years without questioning the above-described use of the player-dealer position or seeking judicial review about it.

Significantly, the Bureau fails to provide empirical evidence describing this or any other "problem" pertaining to the use of the Player-Dealer position that cries out for remedial governmental action, particularly the severe change proposed by these major regulations, in order to support an initial determination that they will not have a significant adverse economic impact on Card Rooms, as required by Government Code § 11346.2(b)(5)(A).

Certainly, with its role as an enforcer of the Gambling Control Act, the Bureau would have numerous and adequate enforcement cases and civil and criminal actions to demonstrate the nature of the problem it seeks to remedy. Nor has the Bureau produced any technical or theoretical study or report upon which it relies in proposing these major regulations required by Government Code § 11346.2(b)(3).

Furthermore, the "problem statement" does not list the specific statute or other provisions of law authorizing the adoption of these major regulations and does not list the specific statutes or other provisions of law being implemented, interpreted, or made specific through these major regulations. Government Code § 11346.2(a)(2) and § 11346.5(a)(2).

Finally, the Bureau fails to explain why its authority to prohibit the play of banking games by other means is not sufficient for it to remedy the problem it perceives particularly its authority under Business & Professions Code § 19826(g) by which it may or not "approve the play of any controlled game, including placing restrictions and limitations on how a controlled game may be played"

Clearly, the Bureau possesses all the clout it needs to prohibit the playing of banked games. It does need Regulations 2076 and 2077 except to accomplish its stated, yet unauthorized, goal of requiring players to accept the deal within fixed time periods.

Thus, the alleged use of the player-dealer position in controlled games is not a valid problem requiring regulatory intervention by the Bureau.

## **B. The Gambling Control Act**

The Bureau is required to identify the provision of law that permits it to adopt the proposed major regulations. The Bureau fails to meet this burden. Thus, the CCGA requests the Bureau to abandon its effort to adopt Regulations 2076 and 2077. Government Code §11346.2 (a)(2) and §11346.5 (a)(2).

The Bureau asserts that it is authorized to change the current statutory scheme that permits the use of the player-dealer position as described in its “problem statement” but it cites no statute or provision of law that authorize the Bureau to legislate such a change. The Bureau cites Business & Professions Code §§19826(f), (g) and §19943.5, but they do not authorize the Bureau to adopt the proposed major regulations.

Business & Professions Code §19826 directs the Bureau to perform “investigatory functions” required by the Gambling Control Act and “auditing functions” under tribal gaming compacts. It also imposes the responsibilities listed in subsections (a) through (g) onto the Bureau, but it does not grant power to adopt regulations about the play of controlled games.

While §19826(f) grants responsibility to the Bureau to “adopt regulations reasonably related to its functions and duties as specified in this chapter,” such responsibility is not an authorization to adopt regulations about the play of any controlled game. Specifically, §19826(f) does not authorize the Bureau to adopt regulations that would prohibit or restrict the play of any permitted game.

Likewise, §19826(g) does not authorize the Bureau to adopt regulations about the play of any controlled game. Instead, it imposes administrative responsibility on the Bureau to approve the rules for the play of controlled games submitted to the Bureau for approval. Nothing in §19826(g) states that the Bureau is empowered to adopt regulations about the play of any controlled game.

Similarly, §19943.5 grants no authority to adopt regulations. Instead, it provides an absolute defense to a gambling enterprise that has played a controlled game found to be unlawful in an enforcement action by the Bureau.

Thus, the Bureau’s reliance on Business & Professions Code §§19826(f) and (g) and §19943.5 is misplaced. They do not authorize the Bureau to adopt the proposed regulations. Govt Code §11349.1 & §11349(b).

## 1. Limited Authority for Rulemaking is in the California Gambling Control Commission

The California Gambling Control Commission (“Commission”), not the Bureau, is granted authority to “adopt regulations for the administration and enforcement of the chapter.” But the grant of authority does not extend to regulations that would limit the play of any game. Business & Professions Code §19840, §19841 and §19842.

While the Commission is granted authority to “*provide for the approval of game rules and equipment by the department to assure fairness to the public,*” such authority does not include regulations that impose restrictions on the statutorily permitted use of the player-dealer position. Penal Code §330.11. Business & Professions Code §19805.

Furthermore, Business & Professions Code §19842 expressly prohibits the Commission from adopting regulations pertaining to the play of any game or the manner of play of any game unless it finds a violation of law. Specifically, it states:

***The commission shall not prohibit, on a statewide basis, the play of any game or restrict the manner in which any game is played, unless the commission, in a proceeding pursuant to this article, finds that the game, or the manner in which the game is played, violates a law of the United States, a law of this state, or a local ordinance.***

Thus, the Commission lacks power to adopt regulations that “*prohibit the play of any game or restrict the manner in which any game is played*” and the Commission has not found that the use of the player-dealer position violates any law. Therefore, it follows that the Bureau also lacks power to adopt the proposed regulations.

## 2. Bureau Lacks Authority to Adopt Rules about the Play of Any Game

An administrative agency’s rule-making power does not permit the agency to exceed the scope of authority conferred on the agency by the Legislature. (*GMRI, Inc. v. California Dept. of Tax & Fee Administration* (2018) 21 Cal.App.5th 111, 124.) The agency may not use a rule or regulation to vary or enlarge the terms of a legislative enactment. (*Ibid.*) The agency may not compel that to be done which lies outside the statute’s scope, and that cannot be said to be reasonably necessary or appropriate to subserving or promoting the statute’s interests and purposes. (*Ibid.*) “[A] regulation which impairs the scope of a statute must be declared void.” (*Ibid.*)

Further, an agency has no authority to promulgate a regulation that is inconsistent with controlling law. [\*Communities for a Better Environment v. California Resources Agency\* \(2002\) 103 Cal.App.4th 98](#), as modified.

Here, Regulation 2076 imposes extensive restrictions on the rotation of the player-dealer position that is authorized by Penal Code §330.11 and Business & Professions Code §19805 and §19984. Thus, the Bureau, through these regulations, seeks to exercise the power to

amend such statutes, but that power is reserved to the Legislature. Similarly, the Bureau seeks to interpret gaming statutes, but it is a power reserved to the Judiciary.

The Bureau fails to demonstrate the statutory authority that directs it to adopt the proposed regulations. Under the “Gambling Control Act” caption of its Initial Statement, the Bureau cites only §19826 and §19943.5 of the Business & Professions Code; but nothing in these statutes authorize the Bureau to adopt regulations pertaining to the play of any game.

Since the Bureau fails to demonstrate its authority to adopt its proposed regulations, the CCGA must request the Bureau to cease its attempt to adopt the proposed regulations for failing to comply with Government Code §11346.2 (a)(2), §11346.5 (a)(2) and §11349.1.

### 3. The Proposed Regulations Constitute Legislation by the Bureau

Because the proposed regulations seek to impose new rules about gaming that restrict the play of games permitted by law, they constitute legislation by the Department of Justice, which is the Executive Branch of Government. Thus, the Regulations are foreclosed under the separation of powers doctrine.

Article III, Section 3 of the California Constitution requires the separation of powers, which limits the authority of one of the three branches of government to arrogate to itself the core functions of another branch. (*Carmel Valley Fire Protection Dist. v. State* (2001) 25 Cal.4<sup>th</sup> 287, 297.) Although the separation of powers doctrine permits the Legislature to delegate some quasi-legislative or rulemaking authority to administrative agencies, the agency “*has only as much rulemaking power as is invested in it by statute.*” (*Id.* at p. 299.) Because no statute authorizes the Bureau to adopt these restrictive regulations, they are foreclosed by the separation of powers doctrine.

In addition, the Bureau’s proposed major regulations seek to interpret statutes that authorize the manner in which controlled games may be played, which attempt intrudes into the exclusive jurisdiction of the Judiciary to interpret statutes.

### **B. Banking Games Are Prohibited under California Law**

In 2000, A.B. 1416 added a statutory definition for “banking game” or “banked game” to California law by the adoption of Penal Code Section 330.11 and Business & Professions Code Sections 19805(c), 19805(ac) and 19884. Prior to the adoption of these statutes, the definition of the term “banking game” or “banked game” was found in the case law. *Oliver v. County of Los Angeles* (1998) 66 Cal.App.4<sup>th</sup> 1397, 1409. Now, the definition of banking game or banked game is found in these statutes, not in the *Oliver* case.

Thus, Regulation 2076 is the Bureau’s attempt to change the statutory definition of banking game or banked game under current California Law as adopted by A.B. 1416 in 2000. The current statutory definition of a banking game does not compel seated players to accept the

player-dealer position and allows games to continue to be played when no more than one player accepts the player-dealer position even where the player is a TPPP.

The essential element of a banking game is the requirement for published rules of the game that impose six conditions during the play of the game: (i) a player-dealer position is featured, (ii) the player-dealer position is continuously and systematically rotated among the players, (iii) the player-dealer is assured of winning or losing only a fixed and limited wager, (iv) the house or anyone else is precluded from maintaining or operating as a bank, (v) the house is prohibited from occupying the player-dealer position, and (vi) every player is not required to accept the deal even if the department finds that the rules of the game render the maintenance of or operation of a bank impossible by other means.

Therefore, under the statutory definition of a banked game, a game is permitted to be played when no more than one player accepts the player-dealer position where the game is played under published rules that contain the six conditions. This very issue was contemplated by the legislature when it was adopted by A.B. 1416 in 2000.

Now, this issue contemplated by the legislature 25 years ago is the target of the Bureau. Regulation 2076 seeks to contravene A.B. 1416 by imposing the following revisions: (i) A new rule that explains how the player-dealer position is selected at the opening of the game and upon the rotation from one player to another, (ii) A new rule that requires the dealer to offer the player-dealer position to every player before each hand, (iii) A new rule that requires the player-dealer position to rotate to two players other than to Third Party Proposition Player (TPPP) every 40 minutes upon the penalty of ending the game and clearing the table, (iv) A new rule that requires the player-dealer position to rotate between a single player and the TPPP every 40 minutes, (v) A new rule that limits a single TPPP to each table, (vi) A new rule that permits additional wagers by players other than the player-dealer position.

Clearly, the Bureau cannot adopt Regulation 2076, because the statutes that define a banking game do not authorize the Bureau to adopt any such regulation. Furthermore, there is no need to adopt such a regulation, because the Bureau has the authority to pursue other remedies to address violations of the statutes that prohibit banking games.

For example, the Bureau may refuse to approve rules by which the player-dealer position is used in the play of controlled games. Business & Professions Code §19826(g). Ironically, the Bureau has approved all rules by which gambling establishments utilize the player-dealer position to play controlled games. In addition, the Bureau is authorized to investigate any suspected violation of the laws pertaining to gaming. Business & Professions Code §19826(c), §19330(a). If satisfied with the existence of a violation of law, the Bureau may file an accusation to revoke the license of any gambling establishment that conducts banking games. Business & Professions Code §19330(b).

### **C. General Purpose of Proposed Regulations**

Under this caption, the Bureau states directly that its purpose in seeking to adopt Regulation 2076 is to require players in a controlled game to accept or to rotate the player-dealer position within exact time periods, even though Penal Code §330.11 and the Gambling Control Act do not require players to play card games as the Bureau seeks to direct. Thus, Regulation 2076 conflicts with the statutes that define and govern the player-dealer position. Its use of the terms “minimum standards” and “better enforce the prohibition on banking games” underscores the Bureau’s purpose to legislate revisions to the current statutory scheme – not to implement them and not to solve any problem.

Equally egregious is the Bureau’s failure to assess and justify the severe economic impacts that its regulations will impose on all existing California Card Rooms and Card Room Cities.

### **BENEFITS ANTICIPATED FROM REGULATORY ACTION**

The Bureau alleges its proposed regulations will produce these five benefits:

- 1) Codify standards for Bureau review of games with a player-dealer position,
- 2) Assist the gaming industry and public to avoid unlawful gaming,
- 3) Provide consistent and fair evaluations of games with a player-dealer position,
- 4) Avoid litigation from disapproval of games proposing unlawful player-dealer position,
- 5) More fully inform the gaming industry and public of the Bureau’s standards.

These alleged benefits are an acknowledgement that the Bureau intends to create a new, different and unauthorized standard for disapproving games with a player-dealer position. Under Regulation 2076, the Bureau will require itself to disapprove games with rules for the dealer-player position that are consistent with the definition and governance of banked games contained in Penal Code §330.11 that does not require players to accept the deal. Hence, the Bureau proposes to legislate a new standard – not make a rule that implements or interprets a specific statute.

The Bureau offers no evidence that its new standard is needed. The Bureau also fails to offer evidence about the process by which it approves games with rules that use a player-dealer position, about the determinations by which it approves games which do not require the players to accept the deal and how its processes and determinations will be benefitted by its proposed rules. Finally, the Bureau does not show how its authority to disapprove games and impose limits on how a game may be played under Business & Professions Code §19826(g) is insufficient to prohibit the play of banking games and how it will benefit from its proposed regulations.

## **SPECIFIC PURPOSE AND NECESSITY OF EACH SECTION**

The Bureau is very clear about its purpose for seeking to adopt Sections 2076 and 2077. **Its purpose is to compel players to accept the deal during the play of games within exact 40-minute windows.** Thus, Sections 2076 and 2077 compel all players to abandon their right to decline the deal during the play of a game, which is an element of the play of games with a Player-Dealer position under Penal Code §330.11 and Business & Professions Code §§19805(c), 19805(ac) and 19884. But the Bureau does not justify the need to amend these statutes through administrative regulations rather than litigating its new found purpose.

### **A. Add California Code of Regulations, Title 11, Section 2076**

**Subdivision (a)(1)** adds two requirements to the use of the player-dealer position. First, it requires that the player-dealer position must be offered to other seated players before each hand. Second, it adds the requirement that the rules of the game specify how the player-dealer position is selected at the opening of a new game and when rotating to the next person who will act as the player-dealer. Neither requirement is authorized by Business & Professions Code §19805(ag) as alleged by the Bureau. They constitute legislation by the Bureau. Furthermore, they are likely to impede the play of games and discourage players from playing for longer periods.

**Subdivision (a)(2)** adds a requirement for a written statement at each table that explains when a player may accept the player-dealer position. The requirement is not authorized by Business & Professions Code §19805(c)(ag). It constitutes legislation by the Bureau. The Bureau alleges that the written notice is necessary to “assure that the game does not fall within the definition of a banking game.” But the Bureau does not explain why it cannot impose such a restriction under Business & Professions Code §19826(g).

**Subdivision (a)(3)** adds the requirement that each dealer must verbally and physically offer the player-dealer position to each of the other seated players before each hand. This requirement is not authorized by Business & Professions Code §19805(c)(ag). It constitutes legislation by the Bureau. Furthermore, the requirement is likely to impede the play of games and discourage players from playing for longer periods.

**Subdivision (a)(4)** adds the requirement that the player-dealer position rotate to two players other than the TPPP every forty minutes. But no time period during which the dealer-player position must actually rotate is required by Business & Professions Code §19805(c)(ag) or Penal Code §330.11. It constitutes legislation by the Bureau. It is sure to discourage players from playing and drive them away.

**Subdivision (a)(5)** adds the requirement of stopping the game if the rotation described in Subdivision (a)(4) does not occur. But no requirement of stopping the game under any circumstance is authorized by Business & Professions Code §19805(c)(ag) or Penal Code

§330.11. It constitutes legislation by the Bureau. It is sure to discourage players from playing and drive them away.

**Subdivision (a)(6)** adds the requirement that is ancillary to Subdivision (a)(4). It does not call for a comment.

**Subdivision (a)(7)** adds the requirement that no TPPP may succeed another TPPP that occupied the player-dealer position. This is not required by Business & Professions Code §19805(c)(ag), §19984 or Penal Code §330.11. It constitutes legislation by the Bureau. It is sure to discourage players from playing and drive them away.

**Subdivision (b)(1)** prohibits players from placing wagers against a TPPP when it does not occupy the player-dealer position. But this prohibition is not required by Business & Professions Code §19805(c)(ag), §19984 or Penal Code §330.11. It removes an opportunity for playing the game with an available player at the table. It constitutes legislation by the Bureau.

**Subdivision (b) (2)** prohibits a TPPP from settling wagers at the table when it does not occupy the player-dealer position. This prohibition is not required by Business & Professions Code §19805(c)(ag), §19984 or Penal Code §330.11. It places pressure on all players and the TPPP to settle wagers during the play of the game and effectively slows the game. It constitutes legislation by the Bureau.

**Subdivision (c)** prohibits more than one TPPP from offering services at a table that features a the player-dealer position. But the prohibition is not required by Business & Professions Code §19805(c)(ag), §19984 or Penal Code §330.11. It constitutes legislation by the Bureau.

## **B. Add California Code of Regulations, Title 11, Section 2077**

Section 2077 would require approval of all previously approved games with a player-dealer position for compliance with the new requirements imposed by Section 2076. Section 2077 is an implied revocation of all games with a player-dealer position previously approved by the Bureau under the current statutory scheme.

Unless gambling enterprises resubmit their game rules for compliance with Section 2076 within 60 days and modify their game rules to comply with Section 2076, all currently approved games with a player-dealer position will be deemed non-compliant with Section 2076 by the Bureau and their prior approval will be withdrawn without due process despite the fact that the same Bureau deemed the games compliant with Penal Code §330.11 and Business & Professions Code §19805(c)(ag).

The requirement for a second approval of all current rules for games featuring a player-dealer position reveals the legislative nature of Sections 2076 & 2077 and illuminates the Bureau's departure from its responsibility to implement legislative direction in rulemaking.

The irony refutes the legitimacy of Sections 2076 & 2077.



## **TECHNICAL, THEORETICAL, EMPIRICAL STUDIES, REPORTS, DOCUMENTS RELIED ON**

The reference to Appendix A lists the letters that commented on the regulations after the Bureau made them public in September 2023. However, the Bureau makes no statement that it relies on any of them for evidence that supports its proposed major regulations. Thus, the CCGA observes that the Bureau has failed to comply with the mandate in Government Code Section 11340(a).

## **STANDARDIZED REGULATORY IMPACT ANALYSIS**

The Bureau attaches the Standardized Regulatory Impact Analysis (“SRIA”) dated August 2024 as Appendix B and the Standardized Regulatory Impact Analysis dated December 2024 (“SRIA-R”) as Appendix D. But the Bureau does not state that it has relied on them to assess the economic impacts of the proposed regulations on California Card Rooms and California Gaming Cities or to determine that they are not unnecessary or unreasonable regulations. And the Bureau does not state that it has relied on them to make a finding that it is necessary for the health, safety, or welfare of the people of the state that these regulations apply to California Card Clubs. Lastly, the Bureau does not state that the proposed regulations are “an efficient and effective means of implementing the policy decisions enacted” by any named statute or other provision of law in the “least burdensome manner.”

The CCGA believes that the SRIA and the SRIA-R are not compliant with the statutory and regulatory requirements pertaining to the elements for a SRIA and that they do not support the proposed regulations. The major deficiencies of the Bureau’s SRIAs are:

- A. They fail to determine whether the proposed regulations are an efficient and effective means of implementing the policy decisions enacted in statute or by other provisions of law in the least burdensome manner, because no statute or other provision of law is identified as the law being implemented, interpreted or made specific by the proposed regulations.
- B. They lack adequate and correct information on required issues including the revenue of the Card Rooms and the tax revenues paid to the Gaming Cities that license them.
- C. They make unsupported assumptions including the forecast that gaming in Card Rooms will be reduced by only 50% because of the proposed regulations.
- D. They use the 2023 TPPPSPS revenue of \$794 Million to forecast Card Room revenue losses due to the proposed regulations, instead of the 2023 Card Room revenue of \$1.35 Billion.
- E. They characterize the revenue losses of Card Rooms and Gaming Cities as negligible by comparing them to state revenues. They do not compare the difference in Card Rooms and Gaming Cities revenues before and after the proposed regulations are implemented.
- F. They fail to quantify the alleged benefits of the proposed regulations.

- G. They fail to find that it is necessary for the health, safety, or welfare of the people of the state that the regulation apply to Card Room businesses.
- H. They are not gaming industry specific in that the analysis uses known statewide economic factors for the entertainment industry **but not factors specific to restrictive regulatory impacts on California Card Rooms**. Thus, their conclusions are suspect.

### **1. Avoidance of Unnecessary or Unreasonable Regulations on Business Enterprises**

Before adopting a major administrative regulation, the Bureau is required to assess “***the potential for adverse economic impact on California business enterprises and individuals, avoiding the imposition of unnecessary or unreasonable regulations.***” Government Code §11346.3(a). To this end, the Bureau must adhere to three requirements.

The first of these requirements is to base the proposed adoption of a regulation on “*adequate information concerning the need for, and the consequences of, proposed governmental action.*” Govt. Code §11346.3(a)(1).

The second of these requirements is to “*consider the proposal’s impact on businesses, with consideration of industries affected, including the ability of California businesses to compete with businesses in other states.*” Govt. Code §11346.3(a)(2).

The third of these requirements is to prepare an economic impact assessment for a major regulation “*in accordance with subdivision (c) and shall be included in the initial statement of reasons as required by Section 11346.2.*” Govt. Code §11346.3(c)(1). The agency must prepare a “*standardized regulatory impact analysis (SRIA) in the manner prescribed by the Department of Finance (DOF) pursuant to Section 11346.36*” that addresses the following:

- (A) The creation or elimination of jobs within the state.
- (B) The creation of new businesses or the elimination of existing businesses within the state.
- (C) The competitive advantages or disadvantages for businesses currently doing business within the state.
- (D) The increase or decrease in investment in the state.
- (E) The incentives for innovation in products, materials, or processes.
- (F) The benefits of the regulation, including, but not limited to, benefits to the health, safety, and welfare of California residents, worker safety, and the state’s environment and quality of life, among any other benefits identified by the agency.” Govt. Code §11346.3(c).

In addition, Government Code Section 11346.36(b) states that the preparation of the SRIA must comply with Department of Finance regulations that specify the methods for:

1. Assessing and determining the benefits and costs of the proposed regulation, expressed in monetary terms

2. Comparing the proposed regulatory alternatives with an established baseline so agencies can make analytic decisions for the adoption of regulations necessary to determine that the proposed action is the most effective or equally effective and less burdensome alternative in carrying out the purpose for which the action is proposed or the most cost-effective alternative to the economy and to affected private persons that would be equally effective in implementing the statutory policy or other provision of law.
3. Determining the impact of a regulatory proposal on the state economy, businesses, and the public welfare
4. Assessing the effects of a regulatory proposal on the General Fund and special funds of the state and affected local government agencies attributable to the proposed regulation

Further, Govt. Code §11346.3(e) declares that these analyses are intended:

*“to provide agencies and the public with tools **to determine whether the regulatory proposal is an efficient and effective means of implementing the policy decisions enacted in statute** or by other provisions of law **in the least burdensome manner. Regulatory impact analyses shall inform the agencies and the public of the economic consequences of the regulatory choices**, not reassess statutory policy. The baseline for the regulatory analysis shall be the most cost-effective set of regulatory measures that are equally effective in achieving the purpose of the regulation in a manner that ensures full compliance with the authorizing statute or other law being implemented or made specific by the proposed regulation.”*

Finally, to avoid the imposition of unnecessary or unreasonable regulations, a state agency shall not apply a major regulation to businesses unless the state agency makes a finding that it is necessary for the health, safety, or welfare of the people of the state that the regulation apply to businesses. Govt. Code §11346.3(d).

## **2. Bureau August 2024 Standard Regulatory Impact Assessment (SRIA)**

On December 20, 2024, the CCGA sent a letter with its comments and objections to the Bureau’s SRIA dated August 2024 and requested it be made part of the record pertaining to the proposed regulations seeking to drastically curtail the Rotation of the Player-Dealer Position in all card games and to restrict the use of the play of Blackjack card games to one Blackjack card game created by the Bureau (“REGS”).

However, the Bureau has not responded to CCGA’s letter and has not included it in the Notice of Proposed Action or in the Initial Statement. Because the comments and objections in the CCGA’s letter are valid and remain unanswered, the greater part of the CCGA’s letter is restated below in *italics*:

*The CCGA observes that the SRIA does not comply with many requirements essential to a valid SRIA, which are imposed by Government Code Sections 11346.3 and 11346.36. Thus, the CCGA requests the Bureau to make this letter a part of the record of the REGS proposed by the Bureau and submit it to the Office of Administrative Law.*

*The conclusions of the SRIA are not credible because they are based on inadequate and incomplete information concerning the need for, and consequences of, the proposed governmental action (the “REGS”) as required by Section 11346.3(a)(1). Specifically, the SRIA fails to describe and consider the REGS in the context of the established legislative plan that permits use of the Player-Dealer Position in all card games in California card rooms.*

*For example, the SRIA fails to disclose the elements of the many \*Blackjack card games that are “questionable” under the established legislative plan that the REGS propose to remedy, nor the “allowed activities” for which the REGS would “provide guidance.” Likewise, the SRIA fails to acknowledge that all \*Blackjack games and the rotation of the Player Dealer Position are not legally questionable, because they have been approved by the Bureau and the California Gambling Control Commission (“CGCC”) under the established legislative plan.*

*Furthermore, the SRIA omits the fact that the REGS would prohibit the use of the Player-Dealer Position in all current card games through an administrative reversal of the established legislative plan. Thus, the SRIA evades the requirement to evaluate the devastating effect of the REGS on California card rooms and the loss of millions of dollars in revenues to card rooms and to Cities. The SRIA focuses solely on the impact of the REGS on the California economy as a whole, but not on the card room industry nor the Cities that license them.*

*Regarding the requirement to analyze the creation or elimination of jobs within the state under Section 11346.3(c)(1)(A), the SRIA conclusion that the impact of the REGS on the 18,000 card room employees will be “imperceptible” is neither factual nor credible.*

*As to the creation of new businesses or the elimination of existing businesses in the state under Section 11346.3(c)(1)(B), the SRIA analysis of the REG’s impact is based upon assumed, unidentified and unsupported incremental effects of the REGS. Furthermore, such effects are wholly unrelated to the established legislative plan, the manner in which card games are played, and the behavior of card players during the play of the games. Nevertheless, the SRIA concedes a revenue loss of \$464,000,000 to card rooms, which amount may be understated.*

*Next, the SRIA fails to identify articulable regulatory alternatives to the established legislative plan (the “established baseline”) for the use of the Player-Dealer Position as required by Section 11346.36(b)(2). Thus, the SRIA comparison to alternative REGS is illusory.*

*The SRIA reveals no benefit to the health, safety and welfare of California residents, worker safety, and the state’s environment and quality of life from the REGS. Likewise,*

*the SRIA does not find that the REGS are necessary for the health, safety, or welfare of the people of the state as required by Sections 11346.3(c)(1)(F) and 11346.3(d).*

*Lastly, the SRIA fails to assess the negative effects of the REGS on the General Funds of the affected Cities attributable to the REGS as required by Section 11346.36(b)(4). All such Cities are interested parties, because the REGS would impose insurmountable restrictions on the play of card games that will devastate card room revenues and taxes paid to such Cities.*

*The CCGA believes the REGS are not viable, because they remedy no problem under the established legislative plan and constitute legislation by an administrative agency. The REGS also are harmful to card room Cities, because they will prohibit the play of nearly all card games in our cities and deprive us of tax revenues that cannot be replaced.*

### **3. Department of Finance Letter dated September 26, 2024 to Bureau**

The Bureau of Gambling Control submitted the SRIA dated August 2024 to the Department of Finance (DOF) for review. The DOF identified seven Deficiencies in the Bureau's SRIA by a letter dated September 26, 2024 [Appendix C].

The Bureau's consultant that prepared the SRIA, Berkeley Economic Advising and Research, LLC (BEAR), sent a letter to the DOF dated November 19, 2024 serving as the "Agency's response" offering comments to five of the seven Deficiencies to the SRIA raised by the DOF.

### **4. Bureau December 2024 Standard Regulatory Impact Assessment (SRIA-R)**

In addition to the BEAR letter, the Bureau introduces a Revised SRIA dated December 2024. The BEAR letter and the Revised SRIA are attached to the Bureau's Initial Statement of Reasons as Appendix D. But the BEAR letter does not respond adequately to the DOF; and the Bureau fails to state whether and where the SRIA-R responds to the DOF Deficiencies.

Here, the CCGA comments about the insufficiency of the SRIA-R in the context of the DOF letter dated September 26, 2024 and the BEAR letter dated November 19, 2024.

### **5. SRIA Deficiencies Found by the Department of Finance**

The Department of Finance ("DOF") letter dated September 26, 2024 to the Bureau of Gambling Control [Exhibit C] identifies the following Deficiencies in the Bureau's Standardized Regulatory Impact Assessment ("SRIA") dated August 2024 and Form DF-131 pertaining to the economic impacts of the proposed Player-Dealer and Blackjack Regulations on the Card Room Industry and Local Government:

1. The inferred **benefits of the regulations were not quantified.**

2. The disproportionate impact of the regulations on **state and local tax revenues was not quantified**.
3. The SRIA currently only discusses the macroeconomic baseline and states that the overall California economy would grow according to Finance's macroeconomic projections. The SRIA **did not clearly identify the regulatory baseline** used to analyze the change in behavior as a result of the proposed regulations, including a **description of number and types of businesses impacted**, in order to augment the disparate impacts to local governments.
4. The proposed regulatory alternatives should then be compared to the defined baseline and include quantified cost impacts. The SRIA currently only discusses some qualitative impacts and quantifies the macroeconomic impacts, rather than **estimating the cost impacts of each proposed alternative**.
5. The SRIA must provide the **rational for any underlying assumptions that are material to the analysis**. The SRIA currently **assumes a 50 percent change resulting from each regulatory change** based on expert opinion, but the **SRIA should justify why this is a reasonable assumption and provide historical data or other evidence for the specific 50 percent estimates**. In addition, DOJ can also augment the analysis with a sensitivity analysis to show how impacts may vary under different plausible response impacts.
6. The SRIA should also clearly **describe the timing of the impacts** and provide **estimates of ongoing impacts**, as it is currently unclear whether the impacts are one-time or ongoing.
7. Lastly, **the SRIA must provide quantitative estimates of any revenue changes at the local level**. The SRIA provides state and local government impacts in aggregate amounts and mentions that there will be disproportionate impacts on certain localities due to courtroom locations, but that disaggregated data is not available. In this case, DOJ should make reasonable assumptions about the impact based on available data and information to provide a quantitative estimate of impacts to local governments.

In response to the Deficiencies identified by the DOF, the Bureau's consultant, Berkeley Economic Advising and Research LLC (BEAR), submitted a letter to the DOF dated November 19, 2024.

#### **DOF Deficiency 1: No Quantification of Benefits**

BEAR did not respond to **Deficiency 1**. The failure to **quantify the benefits** of the proposed regulations renders the SRIA non-compliant with Govt. Code Sections 11346.3(a)(1), 11346.3(c)(1)(F), 11346.36(b)(1) and DOF Regulation 1 CCR §2002(b)(1) and 1 CCR §2003(c).

Without quantifying the alleged benefits of the proposed Major Regulations, there can be no basis for a finding that they outweigh the adverse economic impact on the Card Room Industry and on Gaming Cities or for a finding that it is necessary for the health, safety, or welfare of the people of the state that the Major Regulations apply to businesses.

## **DOF Deficiency 2: No Data of Disproportionate Impact on Tax Revenues**

BEAR did not respond to **Deficiency 2**. The failure to quantify the impacts considered to be disproportionate because of the proposed regulations on **state and local tax revenues** renders the SRIA non-complaint with Govt. Code Sections 11346.3(a)(1), 11346.36 (b)(1), 11346.36(b)(4) and DOF Regulations 1 CCR §2002(b)(1), 1 CCR §2003(c) and 1 CCR §2003(h).

SRIA Section 4.2 states that the importance of state and local tax revenues may be disproportionate to the Cities that license Card Rooms because the Card Rooms are unevenly dispersed across the state. BEAR's argument of disproportionality and the failure to quantify it avoids the fact that the impact of the proposed regulations occurs only in the areas of the state where the Card Rooms are located and nowhere else. Therefore, DOF requested the data about this subject to be quantified.

While SRIA Section 4.2 contains Table 4.1 that suggests a statewide loss of state and local tax revenues, it lacks detail and explanation. In fact, Section 4.2 and Table 4.1 do not provide data about tax revenues and tax losses of Gaming Cities that derive tax revenues from their licensed Card Rooms even though Section 4.2 states "it is possible to estimate expected changes in state and local revenue" and admits "BGC has collected detailed data on state and local license and fee collections, then aggregated them to protect confidentiality of both operators and municipalities."

The SRIA also fails to show the percentage of state and local revenue losses expected from the proposed regulations and how such percentage was determined other than the note "Author estimates" below Table 4.1.

Of course, the purpose of daylighting the tax revenues and losses of the Gaming Cities is to show the immense adverse impact of the proposed regulations on local communities. And regardless of the dispersal of Card Rooms, or the distance between them, the impact of the proposed regulations on local communities is unique, destructive and distinguishable from the impact on the overall state economy. This explains why Government Code Sections 11346.36 (b)(1) and 11346.36(b)(4) require the impact of the proposed regulations on cities and city revenues to be assessed directly and separably - not in the context of or subsumed in the impact on the statewide economy.

The failure to provide this data certainly suggests that the Bureau and BEAR are deliberately withholding data on the impact of the proposed regulations on local tax revenues. It also is important to remember that an agency's proposed regulations "*shall be based on adequate information concerning the need for, and consequences of, proposed governmental action.*"

Government Code Section 11246.3(a)(1). Without the data, the consequences of the proposed Major Regulations cannot be revealed fully.

### **DOF Deficiency 3: No Regulatory Baseline**

To **Deficiency 3**, BEAR's letter merely states: "The macroeconomic analysis has been updated after recalibration to the July 2024 release of DOF forecasted, cited and linked in the revised text of the SRIA." However, BEAR's letter does not identify such updates in the revised text of the SRIA. More importantly, BEAR does not state that it identified a **regulatory baseline, the number and the types of businesses impacted** as requested by the DOF and required by Government Code §§11346.3(a)(1), 11346.36(b)(1), 11346.36(b)(2) and DOF Regulations 1 CCR §2002(b)(1), 1CCR §2002(c)(7) and 1 CCR §2003(d).

Section 1.2 of the SRIA entitled "Regulatory Baseline" appears to be the basis of the DOF finding that the SRIA does not identify the required regulatory baseline. Section 1.2 merely explains the purpose of the regulatory baseline. Then, it implies that the growth of the California economy is the appropriate baseline, and that the SRIA analysis is related to economy-wide models in some unspecified manner. Yet the SRIA does not identify a regulatory baseline, which explains the DOF finding of non-compliance. Without a proper baseline, the scenarios with and without the proposed regulations cannot be differentiated.

Section 2 of the SRIA entitled "Impacts on California Businesses" states that the proposed regulations will impact all California's 86 Card Rooms and all 36 active TPPPS, as well as gaming related businesses and associated attractions or appurtenant services including restaurants, bars and hotels. It states that the entire Card Room Industry "employs an estimated 18,000 people in California, generating \$730 million in wages and benefits, and contributes \$3 Billion to overall economic activity" relying on the 2019 Study by John Dunham & Associates. The SRIA also offers Table 2.1 to show revenues from 2011 to 2023 from Card Rooms, Tribal Casinos and TPPPS, based on data provided by the Bureau.

Then, SRIA Section 2.3 entitled "Compliance Costs" articulates four assumptions. (1) "we assume that the proposed regulations will reduce the number of TPPPS in cardrooms." (2) "we assume that changes to the player-dealer position will lead to the unintended consequences of some cardroom customers shifting patronage to tribal casinos." (3) "we also assume 50% of cardroom TPPPS patronage (by revenue) will be diverted to tribal casinos. This estimate is consistent with expert opinion" (without identifying the expert, the opinion and the basis of the opinion). (4) "we assume overall casino patronage within California borders remain intact."

While the SRIA opines that the proposed regulations will cause a reduction of cardroom customers, it does not provide the basis for the assumed reduction of customers and losses of revenues and offers no evidence in support. For example, it assumes a 50% reduction of TPPPS revenue in Scenario A and C, a 50% reduction of Blackjack revenue in Scenario B, and a 100% reduction of Blackjack revenue in Scenario C. But there is no assumed



percentage loss in customers and revenues to the Card Rooms on the games affected by the Player Dealer regulations.

More important and to the point, the SRIA does not identify a **regulatory baseline** requested by DOF, as required by Govt Code §§11346.3 (a)(1), 11346.36 (b)(1), 11346.36 (b)(2), and DOF Regulations 1 CCR §2002 (b)(1), 1CCR §2002 (c)(7) and 1 CCR §2003 (d). Therefore, the calculated revenue losses in Scenarios A, B and C are unsupportable and invalid, because they have not been evaluated based on a valid regulatory baseline and they cannot be compared to such a regulatory baseline. This is shown in the calculation of revenue loss in Scenario A where an assumed 50% loss in 2023 TPPPS revenue of \$793 Million results in a \$396 Million TPPPS loss. However, the SRIA erroneously attributes this \$396 Million loss in TPPPS revenue as the 2023 Card Room revenue loss.

Instead, the 2023 Card Room revenue of \$1,356 Billion would result in a \$678 Million revenue loss to Card Rooms, based on an assumed 50% reduction in gaming, and a \$1.02 Billion revenue loss to Card Rooms, based on an assumed 75% reduction in gaming.

#### **DOF Deficiency 4: No Costs of the Regulatory Alternatives**

To **Deficiency 4**, BEAR's letter states that Table 5.1 and supporting narrative have been added to detail the **costs and benefits of the proposed alternative regulatory scenarios**. It also states that the *"indirect and induced costs and benefits of the macro assessment do not track the cardroom industry."*

To begin with, Table 5.1 is misleading, because it conflates TPPPS revenue losses with Card Room revenues losses, as noted above. Indeed, Table 5.1 shows only a TPPPS revenue loss of \$792 Million (Table 2.1). Table 5.1 omits Card Room losses based on their \$1.356 Billion revenues (Table 2.1) upon the full implementation of the Proposed Regulations or their regulatory alternatives.

Table 5.1 also omits losses of employees, wages, gaming city taxes, and state and local business taxes whether direct, indirect or induced upon the full implementation of the Proposed Regulations or their regulatory alternatives. Perhaps, BEAR omits such losses due to its statement that indirect and induced costs do not track the Card Room Industry. However, the indirect and induced revenues of the Card Room Industry are set forth in the 2019 study by John Dunham & Associates (SRIA, page 17) that contradicts BEAR's belief.

Again, neither Table 5.1 nor the Section 5 narrative identify the regulatory baseline, or the evidence and the assumptions BEAR used to derive the revenue losses shown in Table 5.1 as noted above.

More importantly, Table 5.1 omits total revenues of the Card Rooms from games currently played with a Player-Dealer and for all Blackjack styled games, which are necessary to establish the regulatory baseline.

Finally, SRIA Section 5.4 dismisses the significance of the revenue losses of the Card Rooms and the TPPPS by stating that the impact of the regulations on the statewide economy is negligible. But this is the wrong standard. Instead of comparing the revenues losses of Card Rooms and TPPPS to the statewide economy, BEAR should have compared the revenue losses after implementation of regulations to the baseline revenues before the regulations.

#### **DOF Deficiency 5: No Rationale and Data Supporting a 50% Change**

To **Deficiency 5**, the SRIA acknowledges that neither the Bureau nor BEAR have found any data that supports its assumption of a 50 percent change due to the proposed regulations. And it states: “In the absence of such evidence, the assumptions made for this analysis were intended to be indicative.” Thus, the Bureau concedes that it offers no reliable, evidence based assessment of the impact of the proposed regulations on Card Club Industry revenues and that the impact is just as likely to be greater as suggested by the Card Club Industry and Gaming Cities.

But the SRIA’s statement that the Bureau and BEAR are unable to find data about the reduction of gaming due to the proposed regulations is not credible. The Bureau has a goal for the effect of its proposed regulations, because it has drafted them to achieve a particular goal. It did not draft the proposed regulations without a clear intent. It knows what it wants to achieve. It knows the revenues of the industry including every Card Room and TPPPS.

Surely the Bureau knows the extent of the gaming it wants to curb! That goal is the basis of the changes in the play of card games intended to be achieved by its proposed regulations. With knowledge of its goal, the Bureau and BEAR know how to arrive at appropriate operational assumptions about the impact of the proposed regulations and regulatory alternatives on the play of card games. In addition, the Bureau and BEAR should know other methods to ascertain reasonable projections of the changes to Card Room gaming due to the proposed regulations that are independent of the Bureau’s intended goal.

DOF regulations require the SRIA to describe and explain “*The economic impact method and approach, including the underlying assumptions the agency used and the rationale for those assumptions.*” 1 CCR 2002(b)(2).

On the amount of reduction in gaming due to the proposed regulations, the Bureau’s failure to provide realistic assumptions based on reliable data is a major failing of the SRIA and renders it invalid.

#### **DOF Deficiency 6: No Timing of Impacts or Estimates of Ongoing Impacts**

To **Deficiency 6**, BEAR states the SRIA details the timing and interactions of the rule changes in the proposed regulations and alternatives, but it does not state where such information is contained in the SRIA.

BEAR did not respond to **Deficiency 6**. The SRIA discusses elements of the economic impact of the proposed regulations in Section 2.3 and Section 5.3; but they do not describe the timing of the impacts nor provide estimates of ongoing impacts.

SRIA Section 2.3 entitled “Compliance Costs” discloses a loss of TPPPSPS revenue and employees due to a 50% loss of players. It also discloses a loss of all Blackjack games. Except for stating that the losses from both regulations under Scenario C will begin in late 2025, it fails to state whether the losses would be one time or ongoing. SRIA Section 5.3 is similar.

This failure to provide the data requested by the DOF renders the SRIA non-compliant with Govt Code §§11346.3(a)(1), 11346.3(c)(1), 11346.36(b)(1)(4) and DOF Regulations 1 CCR §2002(b)(1) and 1 CCR §2002(c)(5)(6).

### **DOF Deficiency 7: No Quantitative Estimates of Local Revenue Changes**

To **Deficiency 7**, BEAR claims the Bureau has “collected a relatively complete set of data on state and local license and fee collections, and these have been aggregated to protect confidentiality of both operators and municipalities.” It also claims to have added a table of estimates and supportive narrative to elucidate local fiscal impacts.

The DOF correctly requests the Bureau to provide “**quantitative estimates of any revenue changes at the local level**,” because the SRIA only provides state and local revenue data in aggregate amounts and states that the disaggregated data is not available. The information DOF requests is required by Government Code Sections 11346.3(a)(1), 11346.36 (b)(1), 11346.36(b)(4) and DOF Regulations 1 CCR §2002(b)(1), 1 CCR §2002(c)(5)(6), 1 CCR §2003(c) and 1 CCR §2003(h).

SRIA Section 4.2 and Table 4.1 suggest that Cities will experience a loss of \$95 Million due to the proposed regulations. They do not explain how the amount was determined, the period during which the loss will be sustained, nor any changes in the amount. The SRIA states that the amount is an aggregated amount, even though it acknowledges the Bureau has collected detailed data on local tax revenues.

Section 4.2 states that changes in local tax revenues due to the proposed regulations are negligible compared to state revenues. Then, it admits that changes (losses) in local tax revenues can be a “substantial challenge” to the gaming cities that will sustain them and that such losses “cannot be compensated by provisions in the proposed regulations.” In other words, the Bureau states that local revenue losses to Gaming Cities are negligible compared to statewide revenues; and devastating nevertheless to Gaming Cities.

Even so, the Bureau does not provide information about **local revenue changes** requested by the DOF. Furthermore, the information provided about local tax revenue losses is inadequate and incorrect for the following reasons:

1. Table 2.1 shows 2023 Card Room revenue to be \$1.36 Billion, total Blackjack revenue to be \$134 Million, total No Bust Blackjack revenue to be \$37 Million and total TPPPS revenue to be \$794 Million.
2. But Table 4.1 shows no tax revenue loss to gaming cities from the 2023 Card Room revenue of \$1.36 Billion except the \$14 Million loss from Blackjack.
3. And Table 4.1 shows a gaming cities tax revenue loss of \$81 Million, but the \$81 Million tax revenue loss is from TPPPS – not from Card Rooms.
4. The \$95 Million tax loss to gaming cities is understated by a substantial amount.

**BEAR's failure to provide the impact on local tax revenues is inexcusable**, because local tax revenue from Card Rooms is readily available. Card Rooms are required to report all gaming revenues each year to the Bureau on Form CGCC-CH5-01. Indeed, Table 2.1 shows Card Room revenues were obtained from the Bureau. Thus, BEAR could have obtained each Card Room's revenues from the Bureau and the gross tax rates on each Card Room from the Gaming City's ordinance. With that data, BEAR could have calculated the correct taxes paid by each Card Room to its Gaming City and aggregated them to obtain the correct total amount. It also could have used those tax revenue amounts to calculate tax revenue losses of each gaming city using various assumed percentage losses.

**The significance of SRIA Section 4.2 and Table 4.1 is that they fail to quantify estimates of revenue changes at the local level** from the proposed regulations as requested by the DOF.

Again, the Section 4.2 statement that "tax changes are a negligible share of state revenue" makes the wrong comparison. Here, the correct legal standard is the impact of the proposed regulations on **local tax revenues** – not their impact on the statewide economy or statewide revenues.

## **REASONABLE ALTERNATIVES AND REASONS FOR REJECTING THOSE ALTERNATIVES**

### **A. Section 2076, subdivision (a)**

*Alternative 1.* According to the Bureau, it considered an alternative to Section 2076 that required rotating the player-dealer position after every hand or after every two hands. However, the text of the alternative is not provided nor the reason that it constituted a valid alternative. Thus, there is no opportunity to intelligibly analyze whether it constitutes a valid regulation and to compare it with the language of Section 2076.

The Bureau rejected this alternative because it would disrupt the play of the game, place an unreasonable burden on the regulated industry, and be unnecessary to ensure that games featuring a player-dealer position would not become a banking game as defined by Business & Professions Code §19805(c).

The consideration of this alternative and the reasons for rejecting it by the Bureau defy reason. Since the Bureau claims to have sought compliance with Business & Professions Code §19805(c), it would have understood that the statute does not compel a player to accept the player-dealer position in order to play the game. Thus, there is no need for Section 2076 nor the alternative.

It is observed that the Bureau's reasons for rejecting the alternative is equally applicable to the need for Section 2076. It is more than clear that Section 2076 will disrupt the play of all games, place an unreasonable burden on the regulated industry, and unnecessary to ensure that games featuring a player-dealer position would not become a banking game as defined by Business & Professions Code §19805(c).

*Alternative 2.* According to the Bureau, it considered another alternative to Section 2076 that required stopping the game for an undisclosed time where the player-dealer position did not rotate as required by the regulation (presumably Section 2076). But this alternative appears to be identical to Section 2076, because they both require the game to be stopped. Thus, this alternative appears to be invalid.

However, the text of the alternative is not provided nor is the explanation about the validity of the alternative. Again, there is no opportunity to intelligibly analyze whether it constitutes a valid regulation and to compare it with the language of Section 2076.

Based on the Bureau's failure to satisfy its statutory burden to adopt Regulations 2076 and 2077 and the various objections stated in this letter, the CCGA respectfully requests the Bureau to withdraw these regulations.

## **B. Performance Standard as Alternative**

The Bureau's proposed Regulations 2076 and 2077 would adopt specific rules for the use of the Player-Dealer Position that contain specific times for the required rotation. As such, they deviate from the statutory standard contained in the controlling statutory scheme that provides for the existing use of the Player-Dealer Position.

The CCGA respectfully requests that the Bureau withdraw these regulations.

Sincerely,

Jimmy Gutierrez, General Counsel





CHULA VISTA  
CHAMBER OF COMMERCE

**Board of Directors**

**Board Chair**

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**Board Chair Elect**

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Alonso Gonzalez

Dr. Eduardo Reyes

Jack Straw

Lizette Weber

Shab Mo'in

Bob Penner

Ben Vallejos

Scott Andrews

**CEO**

Marcy Weaver

**May 27, 2025**

**To:**

California Department of Justice  
Bureau of Gambling Control

Attention: Regulations

2450 Del Paso Road, Suite 100

Sacramento, CA 95834

Email: BGC\_Regulations@doj.ca.gov

**Subject:** Comments on Proposed Regulations – Blackjack-Style Games & Player-Dealer Rotation

**To Whom It May Concern:**

On behalf of the Chula Vista Chamber of Commerce, I write to express our deep concern regarding the proposed regulations affecting blackjack-style games and the rotation of the player-dealer position.

These changes could have significant and far-reaching consequences—not only for local card rooms like Seven Mile Casino, but for the broader Chula Vista community as a whole.

Seven Mile Casino has long been more than a business. It is a valued and trusted community partner that consistently steps up to support nonprofits, youth development, public safety programs, and educational initiatives. Their presence and partnership have had a lasting and positive impact on the lives of countless residents throughout Chula Vista.

For decades, the games now under scrutiny have been reviewed and approved by the Attorney General's office. These newly proposed rules—seeking to limit or prohibit established and well-regulated games—not only appear to contradict legislative intent, but also seem to overextend the Department's regulatory authority. Perhaps most concerning, the Department's own economic impact study suggests that these changes could result in over \$500 million in lost revenue across California.

Locally, the repercussions would be substantial, including the loss of vital tax revenue that supports essential city services, the elimination of jobs for hardworking residents, and a significant reduction in charitable contributions and community investment.

Any changes to games operated by businesses like Seven Mile Casino must be approached with a full understanding of their economic and social importance. As a Chamber committed to supporting local businesses and the wellbeing of our city, we urge you to carefully consider the broader implications these regulations would have—not only on operators but on the nonprofits, families, and neighborhoods that rely on their continued success.

While we are not submitting formal opposition, we respectfully ask the Department to safeguard the ability of responsible operators to continue contributing to the strength, stability, and vitality of communities like Chula Vista.

Thank you for the opportunity to share our perspective.

Sincerely,

**Marcy Weaver**  
President & CEO



Freeman  
Mathis & Gary LLP  
When It Counts

John S. Moot

May 29, 2025

**VIA EMAIL:**

[BGC\\_Regulations@doj.ca.gov](mailto:BGC_Regulations@doj.ca.gov)

CA Department of Justice  
Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA. 95834

**Re: Comment on Proposed Regulations Concerning Blackjack-Style Games;  
and Comment on Proposed Regulations Concerning Rotation of the Player-  
Dealer Position**

To Whom It May Concern:

On behalf of the Chula Vista Chamber of Commerce, I am writing to express serious concerns regarding the California Department of Justice's proposed regulations related to blackjack-style games and the rotation of the player-dealer position.

These proposed changes would have far-reaching consequences, not only for card rooms like Seven Mile Casino, but also for the broader Chula Vista Community. Seven Mile Casino is a trusted and vital community partner in Chula Vista, recognized for its steadfast support of local nonprofit organizations, youth programs, educational initiatives, and public safety efforts. Their commitment to being a true community partner has made a meaningful difference in the lives of countless residents.

For decades, the games in question have been approved and overseen by the Attorney General's office. The newly proposed rules, which seek to reclassify or prohibit long-standing



games, appear to exceed the Department's authority and contradict established legislative intent. Most alarmingly, the DOJ's economic impact study estimates these changes could result in over \$500 million in lost revenue statewide.

At the local level, these regulations would potentially translate into:

- A loss of critical tax revenue that supports the essential city services.
- The elimination of jobs for hardworking Chula Vista residents.
- A significant reduction in philanthropic contributions that sustain the many community programs

Given Seven Mile Casino's integral role as a trusted community partner, any changes to the games they operate must be carefully considered, taking into account the very real impacts these changes will have on the Chula Vista community. We urge the Department to fully account for the social and economic consequences these regulations could impose, not only on the card room operators but on the nonprofits, families, organizations, and neighborhoods that rely on their support.

We respectfully request that the Department preserve the ability of responsible operators, such as Seven Mile Casino, to continue their invaluable contributions to the health, stability, and well-being of Chula Vista.

Most sincerely,

**FREEMAN MATHIS & GARY, LLP**



JOHN S. MOOT

Becky Cortez-Chair  
Chula Vista Chamber of Commerce





**Jose Preciado**  
**COUNCILMEMBER**  
**District 2**

California Department of Justice,  
Bureau of Gambling Control  
Attention: Regulations 2450  
Del Paso Road, Suite 100  
E-mail: BGC\_Regulations@doj.ca.gov

May 28, 2025

Re: Comments on Proposed Regulations Concerning Blackjack-Style Games; Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position

Dear Director Yolanda Morrow and Ms. Andreia McMillen:

I am writing as a Councilmember at the City of Chula Vista to express my deep concerns about the draft regulations proposed by the Bureau of Gambling Control on April 11, 2025. These regulations, which significantly alter the operations of blackjack-style and player-dealer games, pose a serious threat to Seven Mile Casino, a longstanding and respected establishment in our community.

Seven Mile Casino plays a crucial role in our local economy offering valuable and stable employment opportunities with living-wage jobs to many of our residents.. Moreover, the casino's operations contribute essential funding for public services such as police and fire protection, park maintenance, and road repairs. The potential loss of these revenues would directly impact our community's safety and overall quality of life.

The draft regulations overreach the Bureau's statutory authority and disregard decades of successful, legally operating cardrooms. Closing legal cardrooms would not redirect customers solely to tribal casinos, as suggested by the Standard Regulatory Impact Assessment (SRIA).

Since the onset of the pandemic, there has been a troubling increase in illegal gambling activities linked to rising criminal behavior. This shift in regulatory strategy risks exacerbating these issues by eliminating safe, regulated alternatives. Our community cannot afford the negative consequences of unchecked, illicit gambling operations.

We strongly urge the Bureau to reconsider these regulations, mindful of their profound adverse effects on local economies and public safety throughout California.

Since

Jose Preciado  
Councilmember



## MAYOR JOHN McCANN

May 29, 2025

CA Department of Justice  
Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA 95834  
Email: [BGC\\_Regulations@doj.ca.gov](mailto:BGC_Regulations@doj.ca.gov)

Subject: Comments on Proposed Regulations Concerning Blackjack-Style Games; and Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position

Dear Director Morrow:

On behalf of the City of Chula Vista, I am writing to express our concern to the proposed regulatory action related to the rotation of the Player-Dealer Position and Blackjack-Style Games and its impact to the City.

Chula Vista has one long-established cardroom, Seven Mile Casino, which generates jobs and thousands of dollars annually for the City. This revenue provides the City of Chula Vista with needed general fund revenue which provides for vital city services such as paramedic, police and fire services, social services, senior and youth services, park maintenance, recreation services, road repair and more.

Seven Mile Casino has been licensed by the state for many years and allowed to operate certain table games. The Casino has been a great community partner by supporting local nonprofits and City engagement efforts like the annual Fourth of July fireworks event.

The proposed regulatory action would dramatically change the way cardrooms operate which would then impact cardroom revenue. This would ultimately lead to fewer jobs for the community and restrict the generation of critical general fund revenues for the City.

We urge you to reconsider or withdraw this proposed action and instead work collaboratively with cities to ensure balanced policies that maintain oversight while supporting economic stability and job preservation.

Thank you for your consideration.

Sincerely,

John McCann  
Mayor, City of Chula Vista

CHERYL COX, MAYOR  
CITY OF CHULA VISTA, RETIRED

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May 27, 2025

CA Department of Justice  
Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA 95834  
Email: [BGC\\_Regulations@doj.ca.gov](mailto:BGC_Regulations@doj.ca.gov)

Subject: Comments on Proposed Regulations Concerning Blackjack-Style Games and  
Proposed Regulations Concerning Rotation of the Player-Dealer Position

To Whom It May Concern:

Over 70 years ago, Chula Vista had four cardrooms with long-standing games reviewed and approved for play in Chula Vista. Each operated within the law, and when they merged, creative math prevailed. Each cardroom had 12 tables. Two cardrooms merged and together they had 20 tables. The same happened with the remaining two cardrooms:  $12 + 12 = 20$ . In time, those cardrooms merged and local law dictated that  $20 + 20 = 24$ .

The last cardroom applied for casino standing and in 2015, relocated to buildings on the city's bayfront that at one time had a soup and salad buffet restaurant and an El Torito Restaurant. When a seafood restaurant closed, the space made way for parking lots.

I offer this brief history as evidence that the cardrooms' business was above board as its presence diminished. However, the California Department of Justice's proposed regulations related to blackjack-style games and the rotation of the player-dealer position would have untold damaging consequences for the thriving relationship between Chula Vista's only cardroom, Seven Mile Casino.

Seven Mile hosts 24-hour poker and table games that cater to pros and casual players. Just as importantly, Seven Mile has built a strong relationship with the community, supporting youth programs, education, public safety, and the local Chamber of Commerce. Seven Mile is a dedicated partner that makes strong commitments to its community.

Overseen by the California Attorney General's Office, the proposed rules reclassify long-standing games that have never victimized Seven Miles' guests at times in which the economy throughout many of California's cities and counties is under siege. The Department's economic impact study predicts \$500 million in lost revenue statewide. Ours is not the only California city that would suffer a loss of revenue that supports city services such as public safety, parks, libraries and in Chula Vista's case, its animal shelter. Jobs would be eliminated and philanthropic contributions to community programs would diminish.

The proposed changes will impact our community-at-large, with social and economic consequences of regulations that do not make our community a better place to visit, live and work.

When a former community leader opined that “If it isn’t broke, break it,” the opposition to breaking what was not broken was profound. That sentiment should prevail now.

Chula Vista is often called the safest city in San Diego County. Please preserve Seven Mile’s contributions to our community’s health and well-being by setting aside the proposed regulations and allowing this business and others like it to flourish.

As Chula Vista’s mayor, I cherished and encouraged good businesses to give back to this community. Seven Mile Casino has done this and would like to continue to do so unfettered by further restrictions.

Respectfully,

Cheryl Cox  
Chula Vista Mayor, 2006-2014

May 25, 2025

To: CA Department of Justice  
Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA 95834  
Email: BGC\_Regulations@doj.ca.gov

Subject: Comments on Proposed Regulations Concerning Blackjack-Style Games; and  
Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position

To Whom It May Concern:

During my term on the Chula Vista City Council I witnessed the integral partner that the City had in Seven Mile Casino. I am writing to express serious concern regarding the California Department of Justice's proposed changes in regulations to blackjack-style games and the rotation of the player-dealer position.

These proposed changes would have far-reaching consequences for cities including Chula Vista. Seven Mile Casino is a vital community partner here in Chula Vista, known for its steadfast support of local nonprofit organizations, youth programs, education initiatives, and public safety efforts. Their commitment to being a true community partner has made a meaningful difference in the lives of countless residents.

The newly proposed rules — which seek to reclassify or prohibit long-standing games — appear to exceed the Department's authority and contradict established legislative intent. Most alarmingly, the DOJ's own economic impact study estimates these changes could result in over \$500 million in lost revenue statewide.

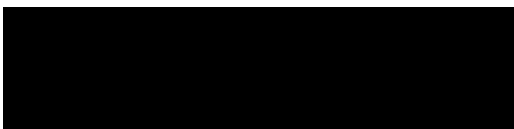
At the local level, these regulations would mean a loss of critical tax revenue that supports essential city services and a significant reduction in philanthropic contributions that sustain community programs.


Given Seven Mile Casino's integral role as a trusted community partner, any changes to the games they operate must be carefully considered considering the very real impacts. We urge the Department to fully account for the consequences these regulations could impose, on the operators and nonprofits, families, and neighborhoods that rely on their support.

I respectfully request that the Department preserve the ability of responsible operators like Seven Mile Casino to continue their invaluable contributions to the health, stability, and wellbeing of cities like Chula Vista.

Thank you for the opportunity to comment.  
Sincerely,

Alonso Gonzalez  
Former Councilmember  
City of Chula Vista



GREG COX  
CITY OF CHULA VISTA MAYOR, RETIRED  
SAN DIEGO COUNTY SUPERVISOR, RETIRED  


---

May 28, 2025

CA Department of Justice  
Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA 95834  
Email: [BGC\\_Regulations@doj.ca.gov](mailto:BGC_Regulations@doj.ca.gov)

Subject: Comments on Proposed Regulations Concerning Blackjack-Style Games and  
Proposed Regulations Concerning Rotation of the Player-Dealer Position

To Whom It May Concern:


As a former Mayor of Chula Vista (1981-1990) and San Diego County Supervisor (1995-2021), I watched Seven Mile Casino become a significant contributor to the City of Chula Vista in many ways. As a lifelong Chula Vista resident, I have seen Seven Mile Casino become one of the strongest contributors to the community.

My concerns about the California Department of Justice's proposed regulations related to blackjack-style games and the rotation of player-dealer position are serious. The proposed changes would have devastating consequences for cardrooms like Seven Mile. Seven Mile Casino has become a trusted community partner, the largest business license payor in the City, a valued employer of hundreds of community residents and a significant contributor to many community organizations and non-profits.

The Department of Justice's proposed changes would seek to reclassify and prohibit long-standing games and quite frankly, contradict established legislative intent. The DOJ's own economic impact study estimates that these changes could result in over \$500 million in lost revenues statewide.

I respectfully ask the Department of Justice to consider the consequences of these proposed changes. Seven Mile Casino is a valued community partner. These changes impact jobs, revenue, and support for community organizations.

Thank you for your consideration.

  
Greg Cox  
Chula Vista Mayor, 1981-1990  
San Diego County Supervisor (1995-2021)



May 28, 2025

California Department of Justice, Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA 95834  
E-mail: [BGC\\_Regulations@doj.ca.gov](mailto:BGC_Regulations@doj.ca.gov)

**Re: Comments on Proposed Regulations Concerning Blackjack-Style Games;  
Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position**

Dear Director Yolanda Morrow and Ms. Andreia McMillen:

I am writing on behalf of the City of Clovis to express our deep concerns about the draft regulations proposed by the Bureau of Gambling Control on April 11, 2025. These regulations, which significantly alter the operations of blackjack-style and player-dealer games, pose a serious threat to the 500 Club Casino which is a longstanding and respected establishment in our community.

500 Club Casino is a major economic contributor in Clovis, providing over 340 high-quality, living-wage jobs. Many of these positions are filled by residents offering them stable employment with little need for prior training. The cardroom's operation generates approximately \$1.2 million in tax revenues annually, funding crucial public services such as police and fire protection, park maintenance, and road repairs. The potential loss of these revenues would most likely result in cuts to essential services, adversely affecting our community's safety and quality of life.

The draft regulations proposed exceed the statutory authority of the Bureau and disregard decades of established precedent that have allowed cardrooms to operate legally and successfully without harm or complaint from the public. It's also important to recognize that shutting down legal cardroom operations won't simply drive customers to tribal casinos, as the Standard Regulatory Impact Assessment (SRIA) assumes.

Since the pandemic, we've seen a surge in illegal gambling operations -- often associated with increased criminal activity. This is a serious concern, as our communities will be left to bear the burden of combating these unregulated pop-up casinos in the absence of safe, legal cardrooms. This abrupt shift in regulatory approach not only threatens the stability of our local cardrooms but also harms our community.

We urge the Bureau to reconsider these regulations, taking into account the substantial negative impact they would have on our community and others like it across California.

Thank you for considering our concerns.

Sincerely,

Vong Mouanoutoua  
Mayor, City of Clovis





Tyler Maxwell  
Fresno City Council, District 4

California Department of Justice, Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
E-mail: BGC\_Regulations@doj.ca.gov

**Re: Comments on Proposed Regulations Concerning Blackjack-Style Games;  
Comments on Proposed Regulations Concerning Rotation of the Player-Dealer  
Position**

Dear Director Yolanda Morrow and Ms. Andreia McMillen:

I am writing on behalf of the City of Fresno to express serious concerns regarding the draft regulations proposed by the Bureau of Gambling Control on April 11, 2025. These regulations, which would significantly alter the operations of blackjack-style and player-dealer games, pose a direct threat to Club One Casino, a longstanding and respected institution in our community.

Club One is a major economic driver in the City of Fresno, particularly in District 4, providing over 200 high-quality, living-wage jobs. Many of these positions are held by local residents, offering them stable employment with minimal barriers to entry. Beyond jobs, the cardroom generates over \$1 million annually in tax revenues that fund crucial city services including police and fire protection, park maintenance, and road repairs. The loss of this revenue would almost certainly lead to cuts in essential services, directly jeopardizing our community's safety, infrastructure, and quality of life.

Furthermore, the draft regulations appear to exceed the Bureau's statutory authority and disregard decades of established precedent that have allowed California's cardrooms to operate legally and successfully without harm or complaint from the public. It's also important to recognize that shutting down legal cardroom operations won't simply drive customers to tribal casinos, as the Standard Regulatory Impact Assessment (SRIA) assumes.

Since the pandemic, Fresno has already experienced a worrisome increase in illegal gambling operations, often tied to heightened criminal activity. Without regulated, legal cardrooms like Club One, our community will be left to shoulder the burden of combating unregulated pop-up casinos, straining local law enforcement and threatening public safety. This sudden shift in regulatory approach risks not only destabilizing our local gaming industry but also undermining the well-being of our residents.

We strongly urge the Bureau to reconsider these proposed regulations, fully accounting for the substantial negative impacts they would impose on the Fresno community and others across California.

Thank you for your time and thoughtful consideration of our concerns.

Sincerely,

Tyler Maxwell  
City of Fresno  
Councilmember, District 4



California Department of Justice, Bureau of Gambling Control

Attention: Regulations

2450 Del Paso Road, Suite 100

E-mail: [BGC\\_Regulations@doj.ca.gov](mailto:BGC_Regulations@doj.ca.gov)

Re: Comments on Proposed Regulations Concerning Blackjack-Style Games;

Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position

Dear Director Yolanda Morrow and Ms. Andreia McMillen,

I am writing on behalf of the Fresno Police Officers Association to express our deep concerns about the draft regulations proposed by the Bureau of Gambling Control on April 11, 2025. These regulations, which significantly alter the operations of blackjack-style and player-dealer games, pose a serious threat to the integrity of gaming establishments in our community.

Gaming establishments, such as Club One Casino, are vital to Fresno's economy, offering numerous stable, well-paying jobs to local residents, many of whom require little prior training to secure these positions. These establishments also generate significant tax revenues that fund essential public services, including police and fire departments, parks, and infrastructure maintenance. With the City of Fresno already grappling with a budget deficit in the tens of millions of dollars for the upcoming fiscal year, the loss of this revenue stream would undoubtedly exacerbate financial challenges, leading to potential cuts in critical services and negatively impacting the overall well-being and safety of our community.

The draft regulations proposed exceed the statutory authority of the Bureau and disregard decades of established precedent that have allowed gaming establishments to operate legally and successfully without harm or complaint from the public. It's also important to recognize that disrupting legal gaming operations won't simply steer customers to tribal casinos, as the Standard Regulatory Impact Assessment (SRIA) assumes.



Since the pandemic, we've seen a surge in illegal gambling operations -- often associated with increased criminal activity. This is a serious concern, as our communities will be left to bear the burden of combating these unregulated pop-up casinos in the absence of safe, legal gaming establishments. This abrupt shift in regulatory approach not only threatens the stability of local gaming establishments but also harms our community.

We urge the Bureau to reconsider these regulations, considering the substantial negative impact they would have on our community and others like it across California.

Thank you for considering our concerns.

Sincerely,

Jeff La Blue

President Fresno Police Officers Association



**LUIS CHAVEZ**  
SUPERVISOR · DISTRICT 3

May 28, 2025

California Department of Justice, Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
E-mail: BGC\_Regulations@doj.ca.gov

**Re: Comments on Proposed Regulations Concerning Blackjack-  
Style Games;  
Comments on Proposed Regulations Concerning Rotation of the  
Player-Dealer Position**

Dear Director Yolanda Morrow and Ms. Andreia McMillen:

I am writing on behalf of the County of Fresno to express our deep concerns about the draft regulations proposed by the Bureau of Gambling Control on April 11, 2025. These regulations, which significantly alter the operations of blackjackstyle and player dealer games, pose a serious threat to the 500 Club Casino in Fresno County, which is a longstanding and respected establishment in our community.

The 500 Club Casino is a major economic contributor in Fresno, providing many high quality, living-wage jobs. Many of these positions are filled by residents offering them stable employment with little need for prior training. The cardroom's operation generates hundreds of thousands of dollars in tax revenues annually, funding crucial public services such as police and fire protection, park maintenance, and road repairs. The potential loss of these revenues would most likely result in cuts to essential services, adversely affecting our community's safety and quality of life.

The draft regulations proposed exceed the statutory authority of the Bureau and disregard decades of established precedent that have allowed cardrooms to operate legally and successfully without harm or complaint from the public. It's also important to recognize that shutting down legal cardroom operations won't simply drive customers to tribal casinos, as the Standard Regulatory Impact Assessment (SRIA) assumes.

Since the pandemic, we've seen a surge in illegal gambling operations -- often associated with increased criminal activity. This is a serious concern, as our communities will be left to bear the burden of combating these unregulated pop-up casinos in the absence of safe, legal cardrooms. This abrupt shift in regulatory approach not only threatens the stability of our local cardrooms but also harms our community

We urge the Bureau to reconsider these regulations, taking into account the substantial negative impact they would have on our community and others like it across California.

Thank you for considering our concerns.

Sincerely,

Luis Chavez  
Supervisor District Three  
Fresno County Board of Supervisors





May 23, 2025

A. McMillen, Regulations Coordinator    Via U.S. Mail and BGC\_Regulations@doj.ca.gov  
California Department of Justice  
Bureau of Gambling Control  
2450 Del Paso Road, Suite 100  
Sacramento, California 95834

**Re: City of Gardena Objections to Proposed Regulations on Blackjack Styled Games**

The City of Gardena objects to the Bureau's proposed adoption of Regulations on the Blackjack Styled Games (and Player Dealer Position), because they will cause an immediate and colossal reduction in the play of card games at the City's two licensed card rooms, the Hustler Casino and Larry Flynt's Lucky Lady Casino, and generate inimical economic consequences including huge revenue losses to the City of Gardena and devastating job losses to many of its citizens.

The City of Gardena operates on an annual general fund budget of \$86 Million of which 11% is derived from tax revenues generated by its card rooms. In the 2023-2024 fiscal year, our two card rooms will have contributed \$9.3 Million or 11% of the City's total annual revenues.

The Bureau's proposed regulations imperil the City's tax revenues and the services it provides to its residents due, in large part, to the revenues paid by our two cardrooms. The City and our two cardrooms reasonably believe the proposed regulations will generate an immediate reduction of 75% in the play of card games. Thus, on a pure mathematical basis, Gardena would experience a reduction of \$6,955,277 in the tax revenues it normally expect to receive from our two cardrooms. However, there also is the reality our cardrooms would close because they cannot sustain a 75% loss of their revenue. Thus, the City of Gardena is at the precipice of losing all its gaming revenue – \$9.3 Million or 11% of its budgeted revenue.

On the human side, the impact of this huge revenue loss will be borne by the residents of Gardena who will be deprived of various levels of social services they currently enjoy.

On the local government side, the officials of the City of Gardena will be saddled with the responsibility of determining the nature and extent of the suffering they must impose on their residents that will become necessary to offset the revenue losses inflicted by the proposed regulations.

According to our City Manager, there are four potential scenarios to offset the annual \$6.9 Million revenue loss to the City of Gardena:

- 1) Eliminate 35 Full-Time Police Officers or 38% of the current sworn workforce
- 2) Eliminate the Public Works department
- 3) Eliminate the Recreation and Human Services department



4) Eliminate the Community Development Department & Administrative Services Departments

Which of these scenarios should the City Council implement?

Moreover, why should the City Council be required to make such choices? In other words, what is the need for the proposed regulations? What is the public benefit that compels the imposition of the regulations at such a great expense on the City of Gardena and its residents and on all gaming cities and their residents?

These questions are especially germane, because the play of all card games using the Player Dealer Position and the play of Blackjack Styled games at the Hustler Casino and at Larry Flynt's Lucky Lady Casino have been supported by the California Gambling Control Commission and approved by the Bureau of Gambling Control for 25 years as permissible under the existing legal scheme since the adoption of the Gambling Control Act. These questions have not been answered by the Bureau's Notice of Proposed Rulemaking and Initial Statement of Reasons about the proposed regulations.

The City of Gardena is an interested party, because it has a gaming ordinance through which it licenses, regulates and taxes our two cardrooms. Thus, the City of Gardena submits this letter to the Bureau to express its reasons for its objections to the Bureau's proposed regulations on Blackjack Styled Games (and on the Player Dealer Position).

The City of Gardena also incorporates the substance of the letter of the California Cities Gaming Authority (CCGA) to the Bureau of Gambling Control dated May 23, 2025, that comments on proposed Regulations 2010, 2073, 2074 and 2075 on Blackjack Styled Games. The City also submits the Declaration of City Manager Clint Osorio dated May 23, 2025, that factually describes the severe negative financial impact that the proposed regulations would inflict on the City of Gardena.

Therefore, the City of Gardena requests the Bureau to withdraw the adoption of these regulations based on the reasons expressed in this letter and those of the CCGA.

Respectfully submitted,

By: 

Tasha Cerda, Mayor

---



May 23, 2025

A. McMillen, Regulations Coordinator Via U.S. Mail and BGC\_Regulations@doj.ca.gov  
California Department of Justice  
Bureau of Gambling Control  
2450 Del Paso Road, Suite 100  
Sacramento, California 95834

**Re: City of Gardena Objections to Proposed Regulations on the Player Dealer Position**

The City of Gardena objects to the Bureau's proposed adoption of Regulations on the Player Dealer Position, because they will cause an immediate and colossal reduction in the play of card games at the City's two licensed card rooms, the Hustler Casino and Larry Flynt's Lucky Lady Casino, and generate inimical economic consequences including huge revenue losses to the City of Gardena and devastating job losses to many of its citizens.

The City of Gardena operates on an annual general fund budget of \$86 Million of which 11% is derived from tax revenues generated by our two cardrooms. In the 2023-2024 fiscal year, our two card rooms will have contributed \$9.3 Million or 11% of the City's total annual revenues.

The Bureau's proposed regulations imperil the City's tax revenues and the services it provides to its residents due, in large part, due to the revenues paid by our two cardrooms. The City and our cardrooms reasonably believe the proposed regulations will generate an immediate reduction of 75% in the play of card games. Thus, on a pure mathematical basis, Gardena would experience a reduction of \$6,955,277 in the tax revenues it normally expects to receive from our cardrooms. However, there also is the reality our cardrooms would close because they cannot sustain a 75% loss of their revenue. Thus, the City of Gardena is at the precipice of losing all its gaming revenue – \$9.3 Million or 11% of its budgeted revenue.

On the human side, the impact of this huge revenue loss will be borne by the residents of Gardena who will be deprived of various levels of social services they currently enjoy.

On the local government side, the officials of the City of Gardena will be saddled with the responsibility of determining the nature and extent of the suffering they must impose on their residents that will become necessary to offset the revenue losses inflicted by the proposed regulations.

According to our City Manager, there are four potential scenarios to offset the annual \$6.9 Million revenue loss to the City of Gardena:

- 1) Eliminate 35 Full-Time Police Officers or 38% of the current sworn workforce
- 2) Eliminate the Public Works department
- 3) Eliminate the Recreation and Human Services department



4) Eliminate the Community Development Department & Administrative Services Departments

Which of these scenarios should the City Council implement?

Moreover, why should the City Council be required to make such choices? In other words, what is the need for the proposed regulations? What is the public benefit that compels the imposition of the regulations at such a great expense on the City of Gardena and its residents and on all gaming cities and their residents?

These questions are especially germane, because the play of all card games using the Player Dealer Position and the play of Blackjack Styled games at the Hustler Casino and at Larry Flynt's Lucky Lady Casino have been supported by the California Gambling Control Commission and approved by the Bureau of Gambling Control for 25 years as permissible under the existing legal scheme since the adoption of the Gambling Control Act. These questions have not been answered by the Bureau's Notice of Proposed Rulemaking and Initial Statement of Reasons about the proposed regulations.

The City of Gardena is an interested party, because it has a gaming ordinance through which it licenses, regulates and taxes our two cardrooms. Thus, the City of Gardena submits this letter to the Bureau to express its reasons for its objections to the Bureau's proposed regulations on the Player Dealer Position (and on Blackjack Styled Games).

The City of Gardena also incorporates the substance of the letter of the California Cities Gaming Authority (CCGA) to the Bureau of Gambling Control dated May 22, 2025, that comments on proposed Regulations 2076 and 2077 on the Player Dealer Position. The City also submits the Declaration of City Manager Clint Osorio dated May 23, 2025, that factually describes the severe negative financial impact that the proposed regulations would inflict on the City of Gardena.

Therefore, the City of Gardena requests the Bureau to withdraw the adoption of these regulations based on the reasons expressed in this letter and those of the CCGA.

Respectfully submitted,

By: 

Tasha Cerda, Mayor

1 CLINT OSORIO  
CITY MANAGER

2  
3  
4 **BUREAU OF GAMBLING CONTROL**  
5 **CALIFORNIA DEPARTMENT OF JUSTICE**

6 IN THE MATTER OF PROPOSED REGULATIONS )  
2010, 2073, 2074 AND 2075 OF TITLE 11, )  
7 DIVISION 3, CHAPTER 1 OF THE CCR )  
CONCERNING THE PLAY AND APPROVAL OF )  
BLACKJACK STYLE GAMES )

**DECLARATION OF CLINT OSORIO  
IN SUPPORT OF CITY OF GARDENA  
OPPOSITION TO THE PROPOSED  
REGULATIONS ON THE PLAY AND  
APPROVAL OF BLACKJACK STYLE  
GAMES**

8 )  
9 ) **DATE: MAY 29, 2025**

10 ) **TIME: 9:00 A.M.**

11 ) **VIDEO CONFERENCE ZOOM LINK:**

12 )  
13 ) • Remote Participation: [https://doj-](https://doj-ca.zoomgov.com/j/1619066288)  
14 ) [ca.zoomgov.com/j/1619066288](https://doj-ca.zoomgov.com/j/1619066288)

15 ) • Phone Participation: (669) 254 5252

16 ) • Access Code: 161 906 6288  
17 )

18 **DECLARATION OF CLINT OSORIO**

19 1. I, Clint Osorio, declare and state as follows:

20 2. I am the City Manager at the City of Gardena. As the City Manager, I am responsible for the  
21 daily operations of the City and financial oversight

2. I have personal knowledge of the facts contained herein and, if called upon to do so, I could  
and would testify competently thereto.

3. The City of Gardena is located in the South Bay region of Los Angeles County, California,  
with a population of approximately 60,000 residents. The City is the proud home of the Hustler Casino and Larry  
Flynt's Lucky Lady Casino. The Hustler Casino opened its doors to the public in June of 2000 and has up to 91  
gaming tables. Larry Flynt's Lucky Lady Casino opened in June 2016 and currently has up to 50 tables.

5. Cardrooms, including Hustler Casino and Larry Flynt's Lucky Lady Casino in Gardena, are  
important members of our City's business community.

1           6.       Hustler Casino and Larry Flynt's Lucky Lady Casino are among the larger employers in our  
2 City. For over the last 25 years, Larry Flynt and his two Casinos have been providing an estimated 700 jobs for  
3 individuals.

4           7.       Hustler Casino and Larry Flynt's Lucky Lady Casino are a vital economic engine for our City.  
5 The revenue that we derive from Hustler Casino and Larry Flynt's Lucky Lady Casino account for currently over  
6 11% of the total revenue of our City's general fund. Hustler Casino and Larry Flynt's Lucky Lady Casino fees  
7 permit us to provide our residents with essential services, such as public safety and emergency services,  
8 infrastructure improvements, senior services, capital projects, and other important public programs.

9           8.       Further, Hustler Casino and Larry Flynt's Lucky Lady Casino create substantial economic  
10 opportunities for our community. Hustler Casino and Larry Flynt's Lucky Lady Casino has become a fixture in  
11 the local community with continued support of regional non-profit agencies in the area that provide critical social  
12 services making our community the biggest benefactors.

13           9.       I am not aware of any complaint from one of our law enforcement department, the casino  
14 operators or our residents about Hustler Casino and Larry Flynt's Lucky Lady Casino operation of any specific  
15 types of Blackjack gambling games including all games that utilize the player dealer position.

16           10.      In my opinion, any new regulation that would reduce the play of Blackjack Style games to one  
17 sole game of Blackjack at the Hustler Casino and Larry Flynt's Lucky Lady Casino and reduce the use of the  
18 player dealer position in the play of gambling games they offer, would have a severe negative impact on our  
19 City, our residents, and our local economy.

20           11.      To the extent that new regulations would prevent Hustler Casino and Larry Flynt's Lucky Lady  
21 Casino from operating their businesses as usual and require layoffs, they would create immediate and severe  
hardship for our residents who currently work at Hustler Casino and Larry Flynt's Lucky Lady Casino.

          12.      As noted above, Hustler Casino and Larry Flynt's Lucky Lady Casino are among the largest  
sources of tax revenue for the City. Consequently, a substantial reduction in revenues will have a disastrous  
effect on the City, with the likely potential of facing a fiscal emergency. The decrease in card room business by  
75% would mean a significant loss in City revenue of approximately \$7 Million-\$8 million, equivalent to an  
estimated 11% of the City's general fund.

1           13.     A loss in revenue of this magnitude for the City would require sizeable reorganization of City  
2 priorities and significant changes to departments in order for the City to survive. In order for the City to make  
3 up this difference it would need to consider the elimination of that same level of expenditures, which currently  
4 amounts to the equivalent to losing the Public Works Department, or the Recreation and Human Services  
5 Department, or the Community Development Department & Administrative Services Departments or the  
removal of 35 Full-Time Police Officers or 38% of the current sworn.

6           I declare under penalty of perjury under the laws of the State of California that the  
foregoing is true and correct.

7           Executed this 23rd day of May, 2025 in Gardena, California

8           By: 

Clint Osorio

CLINT OSORIO  
CITY MANAGER

**BUREAU OF GAMBLING CONTROL**  
**CALIFORNIA DEPARTMENT OF JUSTICE**

IN THE MATTER OF PROPOSED REGULATIONS )  
2076 AND 2077 OF TITLE 11, DIVISION 3, )  
CHAPTER 1 OF THE CCR CONCERNING THE )  
ROTATION OF THE PLAYER DEALER )  
POSITION )  
DECLARATION OF CLINT OSORIO IN  
SUPPORT OF CITY GARDENA OPPOSITION  
TO THE PROPOSED REGULATIONS ON THE  
ROTATION OF THE PLAYER DEALER  
POSITION  
DATE: MAY 28, 2025  
TIME: 9:00 A.M.  
VIDEO CONFERENCE ZOOM LINK:  
• Remote Participation: [https://doj-  
ca.zoomgov.com/j/1603976077](https://doj-ca.zoomgov.com/j/1603976077)  
• Phone Participation: (669) 254 5252  
• Access Code: 160 397 6077

**DECLARATION OF CLINT OSORIO**

1. I, Clint Osorio, declare and state as follows:
2. I am the City Manager at the City of Gardena. As the City Manager, I am responsible for the daily operations of the City and financial oversight
3. 2. I have personal knowledge of the facts contained herein and, if called upon to do so, I could and would testify competently thereto.
4. 3. The City of Gardena is located in the South Bay region of Los Angeles County, California, with a population of approximately 60,000 residents. The City is the proud home of the Hustler Casino and Larry Flynt's Lucky Lady Casino. The Hustler Casino opened its doors to the public in June of 2000 and has up to 91 gaming tables. Larry Flynt's Lucky Lady Casino opened in June 2016 and currently has up to 50 tables.
5. Cardrooms, including Hustler Casino and Larry Flynt's Lucky Lady Casino in Gardena, are important members of our City's business community.



1           6.       Hustler Casino and Larry Flynt's Lucky Lady Casino are among the larger employers in our  
2 City. For over the last 25 years, Larry Flynt and his two Casinos have been providing an estimated 700 jobs for  
3 individuals.

4           7.       Hustler Casino and Larry Flynt's Lucky Lady Casino are a vital economic engine for our City.  
5 The revenue that we derive from Hustler Casino and Larry Flynt's Lucky Lady Casino account for currently over  
6 11% of the total revenue of our City's general fund. Hustler Casino and Larry Flynt's Lucky Lady Casino fees  
7 permit us to provide our residents with essential services, such as public safety and emergency services,  
8 infrastructure improvements, senior services, capital projects, and other important public programs.

9           8.       Further, Hustler Casino and Larry Flynt's Lucky Lady Casino create substantial economic  
10 opportunities for our community. Hustler Casino and Larry Flynt's Lucky Lady Casino has become a fixture in  
11 the local community with continued support of regional non-profit agencies in the area that provide critical social  
12 services making our community the biggest benefactors.

13          9.       I am not aware of any complaint from our law enforcement department, the casino operators or  
14 our residents about Hustler Casino and Larry Flynt's Lucky Lady Casino operation of any specific types of  
15 gambling games that utilize the player dealer position.

16          10.      In my opinion, any new regulation that would restrict and/or change the manner in which Hustler  
17 Casino and Larry Flynt's Lucky Lady Casino utilize the player dealer position in the play of gambling games  
18 they offer would have a severe negative impact on our City, our residents, and our local economy.

19          11.      To the extent that new regulations would prevent Hustler Casino and Larry Flynt's Lucky Lady  
20 Casino from operating their businesses as usual and require layoffs, they would create immediate and severe  
21 hardship for our residents who currently work at Hustler Casino and Larry Flynt's Lucky Lady Casino.

22          12.      As noted above, Hustler Casino and Larry Flynt's Lucky Lady Casino are among the largest  
23 sources of tax revenue for the City. Consequently, a substantial reduction in revenues will have a disastrous  
24 effect on the City, with the likely potential of facing a fiscal emergency. The decrease in card room business by  
25 75% would mean a significant loss in City revenue of approximately \$7 Million-\$8 million, equivalent to an  
26 estimated 11% of the City's general fund.

27          13.      A loss in revenue of this magnitude for the City would require sizeable reorganization of City  
28 priorities and significant changes to departments in order for the City to survive. In order for the City to make

1 up this difference it would need to consider the elimination of that same level of expenditures, which currently  
2 amounts to the equivalent to losing the Public Works Department, or the Recreation and Human Services  
3 Department, or the Community Development Department & Administrative Services Departments or the  
4 removal of 35 Full-Time Police Officers or 38% of the current sworn.

5 I declare under penalty of perjury under the laws of the State of California that the  
6 foregoing is true and correct.

7 Executed this 23rd day of May, 2025 in Gardena, California

8 By:   
9 Clint Osorio



# CITY OF HAWAIIAN GARDENS

---

May 28, 2025

California Department of Justice, Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
E-mail: [BGC\\_Regulations@doj.ca.gov](mailto:BGC_Regulations@doj.ca.gov)

**RE:      Comments on Proposed Regulations Concerning Blackjack-Style Games;  
             Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position**

Dear Director Yolanda Morrow and Ms. Andreia McMillen:

I am writing on behalf of the City of Hawaiian Gardens to express our deep concerns about the draft regulations proposed by the Bureau of Gambling Control on April 11, 2025. These regulations, which significantly alter the operations of blackjack-style and player-dealer games, pose a serious threat to the Gardens Casino which is a longstanding and respected establishment in our community.

The Gardens Casino is a major economic contributor in Hawaiian Gardens, providing over 1200 high-quality, living-wage jobs. Many of these positions are filled by residents offering them stable employment with little need for prior training. The cardroom's operation generates approximately \$13.0 million in tax revenues annually, funding crucial public services such as police and fire protection, park maintenance, and road repairs. The potential loss of these revenues would most likely result in cuts to essential services, adversely affecting our community's safety and quality of life.

The draft regulations proposed exceed the statutory authority of the Bureau and disregard decades of established precedent that have allowed cardrooms to operate legally and successfully without harm or complaint from the public. It's also important to recognize that shutting down legal cardroom operations won't simply drive customers to tribal casinos, as the Standard Regulatory Impact Assessment (SRIA) assumes.

Since the pandemic, we've seen a [surge in illegal gambling operations](#) -- often associated with increased criminal activity. This is a serious concern, as our communities will be left to bear the burden of combating these unregulated pop-up casinos in the absence of safe, legal cardrooms. This abrupt shift in regulatory approach not only threatens the stability of our local cardrooms but also harms our community.

We urge the Bureau to reconsider these regulations, taking into account the substantial negative impact they would have on our community and others like it across California.

Thank you for considering our concerns.

Sincerely,

Ernesto Marquez  
City Manager  
City of Hawaiian Gardens

Victor Farfan  
Council member  
City of Hawaiian Gardens

Ernie Vargas  
Council member  
City of Hawaiian Gardens

Luis Roa  
Council member  
City of Hawaiian Gardens

Dandy De Paula  
Mayor  
City of Hawaiian Gardens

Maria Teresa Del Rio  
Mayor Pro Tem  
City of Hawaiian Gardens





# CITY OF INGLEWOOD

## Office of the Mayor



**James T. Butts, Jr.**  
Mayor

May 22, 2025

A. McMillen, Regulations Coordinator    Via U.S. Mail and [BGC\\_Regulations@doj.ca.gov](mailto:BGC_Regulations@doj.ca.gov)  
California Department of Justice  
Bureau of Gambling Control  
2450 Del Paso Road, Suite 100  
Sacramento, California 95834

### **Re: City of Inglewood Objections to Proposed Regulations on Blackjack Styled Games**

Dear Bureau Representatives:

The City of Inglewood hereby submits this formal objection to the Bureau of Gambling Control's proposed adoption of regulations concerning Blackjack Styled Games (and the Player Dealer Position). These regulations, if adopted, would result in an immediate and severe reduction in the play of card games at Hollywood Park Casino—the City's licensed and regulated card room—causing major economic disruption, substantial revenue loss, and devastating job impacts for Inglewood residents.

Hollywood Park Casino is a longstanding and lawful gaming establishment operating under the City's municipal gaming ordinance. The City of Inglewood relies on tax revenues generated by the Casino to fund essential public services. In Fiscal Year 2023–2024 alone, the Casino contributed \$5,121,310 in revenue to the City's general fund.

The proposed regulations place this revenue at significant risk. Based on a joint analysis by the City and Hollywood Park Casino, it is conservatively estimated that the proposed regulatory changes would cause at least a 45% reduction in card game play. This would result in a direct revenue shortfall of approximately \$2.3 million annually. Should the Casino be forced to cease operations due to this loss—an outcome that is well within the realm of possibility—the full \$5.1 million in revenue would be eliminated from the City's budget.

The ramifications of this fiscal shock are both economic and human. Inglewood residents would suffer reductions in the social services, programs, and public safety resources currently supported by Casino revenue. City officials would be forced to confront painful decisions regarding which services to cut in order to compensate for the lost funding. According to the City Manager and department heads, the following options are under consideration to offset a revenue shortfall:

1. Reduction of public safety and emergency response services;



2. Cancellation or delay of infrastructure improvements and capital projects;
3. Cuts to senior programs and other essential community services.

These are not hypothetical scenarios. They are real and immediate consequences that would directly impact quality of life in Inglewood.

The City must therefore ask: What compelling public need justifies such a drastic impact? What demonstrable public benefit is served by these regulations that outweighs the harm to cities like Inglewood and their residents?

These questions are especially pressing given that the card games at issue—including those utilizing the Player Dealer Position and Blackjack Styled Games—have been approved and supported for more than 25 years by both the California Gambling Control Commission and the Bureau under the current legal framework of the Gambling Control Act. Yet, the Bureau's Notice of Proposed Rulemaking and Initial Statement of Reasons fail to adequately address the necessity or expected benefits of the proposed changes.

As an interested and directly impacted party, the City of Inglewood exercises its authority as a charter city with an adopted gaming ordinance to formally oppose the regulations. The City incorporates by reference the comprehensive objections detailed in the May 16, 2025 letters submitted by the California Cities Gaming Authority (CCGA), as well as the Declaration of Harjinder Singh, Deputy City Manager, dated May 21, 2025. These documents address in detail the legal, economic, and operational flaws inherent in the proposed regulations, including concerns specific to Regulations 2010, 2073, 2074, 2075 (Blackjack Styled Games), and 2076 and 2077 (Player Dealer Position).

Based on the foregoing, the City of Inglewood respectfully requests that the Bureau withdraw the proposed regulations in their entirety.

Respectfully submitted,

By:

  
James T. Butts, Mayor





# CITY OF INGLEWOOD

## Office of the Mayor



**James T. Butts, Jr.**  
Mayor

May 21, 2025

A. McMillen, Regulations Coordinator    Via U.S. Mail and [BGC\\_Regulations@doj.ca.gov](mailto:BGC_Regulations@doj.ca.gov)  
California Department of Justice  
Bureau of Gambling Control  
2450 Del Paso Road, Suite 100  
Sacramento, California 95834

### **Re: City of Inglewood Objections to Proposed Regulations on the Player Dealer Position**

Dear Bureau Representatives:

The City of Inglewood respectfully submits this letter in strong opposition to the Bureau's proposed adoption of new regulations affecting the Player Dealer Position. These proposed regulations threaten to cause immediate and severe disruptions to card game operations at the City's licensed card room, Hollywood Park Casino, resulting in significant negative economic impacts—including substantial municipal revenue loss and widespread job displacement among Inglewood residents.

Hollywood Park Casino is a longstanding and legally operating enterprise that contributes vital funding to the City's general fund. For Fiscal Year 2023–2024, the Casino generated \$5,121,310 in tax revenue for the City of Inglewood. These funds are essential to maintaining core municipal services, including public safety, infrastructure, and community programs.

Based on a conservative analysis, both the City and Hollywood Park Casino estimate that the proposed regulations will result in at least a 45% reduction in card game play. Mathematically, this equates to a \$2.3 million annual revenue shortfall for the City. Should the Casino be forced to close due to this unsustainable loss, the total revenue impact would be the full \$5.1 million—effectively eliminating the City's entire share of gaming-related revenues.

Beyond the financial implications, the human and social costs are deeply troubling. A reduction or elimination of this revenue would directly affect the services provided to residents, many of whom rely on programs funded by these dollars. The City's leadership has identified three possible budget reduction scenarios to address a \$2.3 million loss:

1. Reduce public safety and emergency response services;

2. Eliminate or defer infrastructure improvements and capital projects; or
3. Cut funding for senior programs and community services.

None of these options are acceptable outcomes for the residents of Inglewood. The City should not be forced to choose between vital services due to regulatory actions that lack a clear, compelling justification.

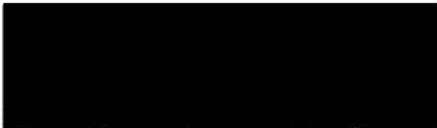
The City of Inglewood is also concerned that the Bureau has not adequately demonstrated the public necessity or policy rationale for these proposed changes. For over 25 years, the Player Dealer Position and the play of Blackjack Styled Games have been recognized as lawful and permissible by both the California Gambling Control Commission and the Bureau under the existing Gambling Control Act framework. Yet, the Bureau's Notice of Proposed Rulemaking and Initial Statement of Reasons fail to answer key questions regarding the purpose, need, and expected benefits of these new regulations.

The City of Inglewood also incorporates the substance of the letters of the California Cities Gaming Authority (CCGA) to the Bureau of Gambling Control dated May 16, 2025 that comment upon proposed Regulations 2076 and 2077 on the Player Dealer Position and Regulations 2010, 2073, 2074 and 2075 on Blackjack Styled Games and the Declaration of Harjinder Singh, Deputy City Manager dated May 21, 2025.

Given the serious fiscal, operational, and social harms outlined above, the City of Inglewood strongly urges the Bureau of Gambling Control to withdraw the proposed regulations in their entirety.

Respectfully submitted,

By:



James T. Butts, Mayor



# CITY OF OCEANSIDE

May 5, 2025

California Department of Justice, Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
E-mail: [BGC\\_Regulations@doj.ca.gov](mailto:BGC_Regulations@doj.ca.gov)

**Re: Comments on Proposed Regulations Concerning Blackjack-Style Games;  
Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position**

Dear Director Yolanda Morrow and Ms. Andreia McMillen:

On behalf of the City of Oceanside, I'm writing to express our deep concerns about the draft regulations proposed by the Bureau of Gambling Control on April 11, 2025. These regulations, which significantly alter the operations of blackjack-style and player-dealer games, pose a serious threat to Oceanside's Oceans 11 cardroom, which is a longstanding and respected establishment in our community.

Oceans 11 is a major economic contributor in Oceanside, providing over 100 high-quality, living-wage jobs. Many of these positions are filled by Oceanside residents, offering them stable employment with little need for prior training. The cardroom's operation generates over \$1M in tax revenues annually, funding crucial public services such as police and fire protection, park maintenance, and road repairs. The potential loss of these revenues would most likely result in cuts to essential services, adversely affecting our community's safety and quality of life.

It seems the draft regulations proposed exceed the statutory authority of the Bureau and disregard decades of established precedent that have allowed cardrooms to operate legally and successfully without harm or complaint from the public. It's also important to recognize that shutting down legal cardroom operations won't simply drive customers to tribal casinos, as the Standard Regulatory Impact Assessment (SRIA) assumes.

Since the pandemic, we've seen a [surge in illegal gambling operations](#) -- often associated with increased criminal activity. This is a serious concern, as our communities will be left to bear the burden of combating these unregulated pop-up casinos in the absence of safe, legal cardrooms. This abrupt shift in regulatory approach not only threatens the stability of our local cardrooms but also harms our community.

We urge the Bureau to reconsider these regulations, taking into account the substantial negative impact they would have on our community and others like it across California.

Sincerely,

  
Esther C. Sanchez  
MAYOR





CITY OF SAN BRUNO

Rico E. Medina  
Mayor

**VIA E-MAIL:**  
**BGC\_Regulations@doj.ca.gov**

May 13, 2025

California Department of Justice, Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA 95834-9667

Re: Comments on Proposed Regulations Concerning Blackjack-Style Games;  
Comments on Proposed Regulations Concerning Rotation of the Player-  
Dealer Position

Dear Director Yolanda Morrow and Ms. Andreia McMillen:

I am writing on behalf of the City of San Bruno to express our deep concerns about the draft regulations proposed by the Bureau of Gambling Control on April 11, 2025. These regulations would significantly limit the designated player games as currently played in the state, and pose a serious threat to Artichoke Joe's, a major business in San Bruno, and thus pose a serious threat to the City.

Artichoke Joe's is a major economic engine in San Bruno. With over 400 employees and over 100 TPPP workers, Artichoke Joe's is the fourth largest employer in the City of San Bruno. Artichoke Joe's is also the increasingly rare employer of blue collar workers – 47% of its employees are female, 94% are minorities and 29% have more than 15 years of service. In addition, the cardroom operation generates over \$3.4 million in tax revenues annually, funding crucial public services such as police and fire protection, park maintenance, and road repairs. The loss of these revenues would most likely result in cuts to essential services, adversely affecting our community's safety and quality of life. Artichoke Joe's also contributes generously to many charitable operations in the City of San Bruno and in San Mateo County and loss of those funds would be a blow for law enforcement programs, recreational programs, and a variety of good causes in the community.

Director Yolanda Morrow  
Ms. Andreia McMillen  
May 13, 2025  
Page 2 of 2

The draft regulations proposed exceed the statutory authority of the Bureau and disregard decades of established precedent that have allowed cardrooms to operate legally and successfully without harm or complaint from the public. Before taking such an abrupt shift in regulatory approach, it is important to recognize that limiting cardroom games will impact local government and the local community.

Such a shift in approach could have other impacts as well. Since the pandemic, the state has seen a surge in illegal gambling operations -- often associated with increased criminal activity. This is a serious concern, as communities like ours will be left to bear the burden of combating these unregulated pop-up casinos in the absence of safe, legal cardrooms.

We urge the Bureau to reconsider these regulations, taking into account the substantial negative impact they would have on our community and others like it across California.

Thank you for considering our concerns.

Sincerely,

A solid black rectangular box used to redact the signature of Rico E. Medina.

Rico E. Medina  
Mayor  
City of San Bruno

Bejarano Group  
May 23, 2025

To:  
CA Department of Justice  
Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA 95834  
Email: BGC\_Regulations@doj.ca.gov

Subject: Comments on Proposed Regulations Concerning Blackjack-Style Games; and  
Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position

To Whom It May Concern:

As the former Chief of Police for the San Diego and Chula Vista Police Departments, and former President of the California Police Chiefs Association and well-versed on the history and regulations of local card rooms, I am writing to express serious concern regarding the California Department of Justice's proposed regulations related to blackjack-style games and the rotation of the player-dealer position.

These proposed changes would have far-reaching consequences, not only for card rooms like Seven Mile Casino but also for the broader Chula Vista community. Seven Mile Casino is a trusted and vital community partner here in Chula Vista, known for its steadfast support of local nonprofit organizations, youth programs, education initiatives, and public safety efforts. Their commitment to being a true community partner has made a meaningful difference in the lives of countless residents.

For decades, the games in question have been approved and overseen by the Attorney General's office. The newly proposed rules — which seek to reclassify or prohibit long-standing games — appear to exceed the Department's authority and contradict established legislative intent. Most alarmingly, the DOJ's own economic impact study estimates these changes could result in over \$500 million in lost revenue statewide.

At the local level, these regulations would potentially translate into:

- A loss of critical tax revenue that supports essential city services
- The elimination of jobs for hardworking Chula Vista residents
- A significant reduction in philanthropic contributions that sustain community programs

Given Seven Mile Casino's integral role as a trusted community partner, any changes to the games they operate must be carefully considered considering the very real impacts these changes will have on the Chula Vista community. We urge the Department to fully account for the social and economic consequences these regulations could impose, not only on the card room operators but on the nonprofits, families, and neighborhoods that rely on their support.



I respectfully request that the Department preserve the ability of responsible operators like Seven Mile Casino to continue their invaluable contributions to the health, stability, and wellbeing of Chula Vista.

Thank you for the opportunity to comment.

Sincerely,

Chief David Bejarano, (ret.)

San Diego Police Department

Chula Vista Police Department

Chula Vista Police Department

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Chula Vista Police Department

April 24, 2025

California Department of Justice, Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
E-mail: [BGC\\_Regulations@doj.ca.gov](mailto:BGC_Regulations@doj.ca.gov)

Dear Director Yolanda Morrow and Ms. Andreia McMillen:

I am writing on behalf of the City of San José to express our deep concerns about the draft regulations proposed by the Bureau of Gambling Control on February 14, 2025. These regulations, which significantly alter the operations of blackjack-style and player-dealer games, pose a serious threat to the two cardrooms in San José, Bay 101 and Casino M8trix, longstanding and respected establishments in our community.

Bay 101 and Casino M8triz are major economic contributors in San José, providing over 1,000 high-quality, living-wage jobs. Many of these positions are filled by residents, offering them stable employment with little need for prior training. The cardrooms generate approximately \$30 million in tax revenues to the City of San José annually, funding crucial public services such as police and fire protection, park maintenance, and road repairs. The potential loss of these revenues would most likely result in cuts to essential services, adversely affecting our community's safety and quality of life.

The draft regulations disregard decades of established precedent that have allowed cardrooms to operate legally and successfully without harm or complaint from the public. This abrupt shift in regulatory approach undermines the stability of Bay 101 and Casino M8trix and adversely impacts our community.

We urge the Bureau to reconsider these regulations, considering the substantial negative impact they would have on our community and others across California.

Thank you for considering our concerns.

Sincerely,

Sarah Zárate  
Director, Office of Administration, Policy,  
and Intergovernmental Relations

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## **California Department of Justice – Bureau of Gambling Control**

May 28 & 29, 2025

Speaker: Zane Barnes, City of San José

Talk time: 2 minutes

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Good morning, members of the Bureau of Gambling Control. My name is Zane Barnes, and I am the Chief Intergovernmental Relations Officer for the City of San José, which is the 12<sup>th</sup> largest city in the country and 3<sup>rd</sup> largest city in the state. San José is proud to be the home to two cardrooms, Bay 101 and Casino M8trix, which have been operating for generations. These two cardrooms are important members of our business community and vital economic engines for our City.

I am here today in staunch opposition to the proposed regulations of black-jack style games. These regulations would overturn decades of previously-approved methods of how games are played in cardrooms across the state. The changes would not enhance the integrity or security of the games being played but would have a devastating impact on the City's cardrooms. If these regulations were to go in effect, it would significantly limit the types of games that cardrooms can offer and would lead to a substantial decrease in ongoing revenue to the City.

The proposed regulations would jeopardize the City's General Fund budget and threaten the existence of the City's two cardrooms and the livelihoods of approximately 2,000 local residents they employ. The cardrooms generate \$30 million in annual tax revenue that provides critical services to our most vulnerable populations – including support to programs that provide emergency services to homeless residents, help transition people from unsheltered homelessness to transitional housing, respond to priority-one police calls, and enable rapid response to health emergencies and structural fires.

The cardroom industry continues to be one of California's most highly regulated industries, and these proposed regulations would further increase that regulatory burden. The Attorney General's office has individually approved every game played in the state's cardrooms, and reopening that approval is unnecessary and unwarranted.

In summary, these proposed regulations would inject uncertainty into city budgets across the state at a time when cities and the state are trying to overcome deficits due to decreased revenue levels and economic activity. To protect city services, honor the precedent of the Attorney General's Office, and protect thousands of jobs statewide, I respectfully ask for you not to pass these regulations.

## **California Department of Justice – Bureau of Gambling Control**

May 28 & 29, 2025

Speaker: Zane Barnes, City of San José

Talk time: 2 minutes

---

Good morning, members of the Bureau of Gambling Control. My name is Zane Barnes, and I am the Chief Intergovernmental Relations Officer for the City of San José, which is the 12<sup>th</sup> largest city in the country and 3<sup>rd</sup> largest city in the state. San José is proud to be the home to two cardrooms, Bay 101 and Casino M8trix, which have been operating for generations. These two cardrooms are important members of our business community and vital economic engines for our City.

I am here today in staunch opposition to the proposed regulations regarding rotation of the player-dealer position games. These regulations would overturn decades of previously-approved methods of how games are played in cardrooms across the state. The changes would not enhance the integrity or security of the games being played but would have a devastating impact on the City's cardrooms. If these regulations were to go in effect, it would significantly limit the types of games that cardrooms can offer and would lead to a substantial decrease in ongoing revenue to the City.

The proposed regulations would jeopardize the City's General Fund budget and threaten the existence of the City's two cardrooms and the livelihoods of approximately 2,000 local residents they employ. The cardrooms generate \$30 million in annual tax revenue that provides critical services to our most vulnerable populations – including support to programs that provide emergency services to homeless residents, help transition people from unsheltered homelessness to transitional housing, respond to priority-one police calls, and enable rapid response to health emergencies and structural fires.

The cardroom industry continues to be one of California's most highly regulated industries, and these proposed regulations would further increase that regulatory burden. The Attorney General's office has individually approved every game played in the state's cardrooms, and reopening that approval is unnecessary and unwarranted.

In summary, these proposed regulations would inject uncertainty into city budgets across the state at a time when cities and the state are trying to overcome deficits due to decreased revenue levels and economic activity. To protect city services, honor the precedent of the Attorney General's Office, and protect thousands of jobs statewide, I respectfully ask for you not to pass these regulations.



May 28, 2025

The Honorable Rob Bonta  
Attorney General, CA Department of Justice, Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA 95834

RE: Local Governments Opposition to Proposed Cardroom Regulations

Dear Attorney General Bonta,

On behalf of the undersigned local government agencies, we oppose the player rotation and blackjack regulations being proposed by the Bureau of Gambling Control. The regulations pose a significant risk to jobs and tax revenue that local governments depend on to provide vital services.

Cardrooms are vital economic drivers for local governments, directly employing residents and generating critical revenue to support essential services for low-income families. These jobs that often do not require a college degree have enabled many residents to achieve financial security, purchase homes, and provide educational opportunities for their children. The cardroom tax revenue funds vital residents' services such as public safety, emergency services, fire, health care, homelessness programs, transportation, and other essential programs. Cardroom tax revenue funds public safety, local government and firefighter union jobs.

We had a preview of what our cities would experience without gaming tax revenue when the cardrooms were closed during the pandemic. It was painful as many of our cities were forced to close programs and lay-off employees due to the lack of tax revenue.

For decades, California's cardrooms have operated lawfully under clear and consistent legal guidance. The games in question have been repeatedly authorized and approved by the California Department of Justice, the Bureau of Gambling Control, and a long line of Attorneys General. These approvals have been reaffirmed by multiple court decisions and have not been altered by any change in California law. Cardrooms have complied with the regulatory framework established by the state, and their games have been subject to rigorous oversight.

These regulations would impose another layer of risk, pushing many cardrooms to the brink of closure. SB 549 has already caused cardrooms to redirecting financial resources to legally defend their legal activities. The proposed regulations will decrease legal gaming at cardrooms which can push gaming to underground establishments that are also conducting other illegal activities such as drug dealing and prostitution which will result in higher crime.

There is no reason for the proposed regulations other than to negatively impact low-income communities. Local governments remain committed to working in partnership with your office, labor unions, and community stakeholders to develop balanced policies that protect jobs, safeguard revenue for essential services, and support the economic well-being of California's diverse communities.

Sincerely,

Emma Sharif  
Mayor  
**City of Compton**

Dandy De Paula  
Mayor  
**City of Hawaiian Gardens**

Ivan Altamirano  
Mayor  
**City of Commerce**

Michael B. O'Kelly  
City Manager  
**City of Bell Gardens**





May 28, 2025

California Department of Justice, Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA 95834  
E-mail: [BGC\\_Regulations@doj.ca.gov](mailto:BGC_Regulations@doj.ca.gov)

**Re: Comments on Proposed Regulations Concerning Blackjack-Style Games;  
Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position**

Dear Director Yolanda Morrow and Ms. Andreia McMillen:

On behalf of the LAX Coastal Chamber of Commerce, a business organization made up of 725 business organizations in the LAX airport and adjacent communities, we are writing to express our strong opposition to the proposed regulations concerning blackjack-style games and the rotation of the player-dealer position.

If adopted, these regulations would devastate the cardroom industry and threaten thousands of jobs across the state including in our city. These jobs are a critical lifeline for working families, particularly in underserved communities where economic opportunities are limited.

The economic impact to local governments would be equally severe. Cardrooms are a significant source of general fund revenue for several cities—funding vital services such as police, fire protection, emergency response, and park maintenance. Eliminating this revenue would force cities to make deep cuts that hurt residents and compromise public safety.

Now is not the time to destabilize a reliable economic engine. These proposed regulations are economically reckless and based on flawed assumptions, including the idea that displaced patrons will simply shift to tribal casinos. In reality, we risk driving gaming into illegal, unregulated operations—exacerbating crime and creating costly enforcement challenges for local jurisdictions.

Further, these regulations overstep the Bureau's authority and undermine a well-established, legally compliant industry that has operated safely and successfully for decades.

For these reasons, we strongly urge the Bureau to withdraw the proposed regulations as they will have a direct impact on Californians.

Sincerely,

A large black rectangular box redacting the signature of Chad Maender.

Chad Maender  
President/CEO  
LAX Coastal Chamber of Commerce





**To:** CA Department of Justice Bureau of Gambling Control

**Attention:**

Regulations

2450 Del Paso Road, Suite 100

Sacramento, CA 95834

Email: BGC\_Regulations@doj.ca.gov

**Subject: Comments on Proposed Regulations Concerning Blackjack-Style Games; and  
Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position**

To Whom It May Concern:

On behalf of the San Diego County Hispanic Chamber of Commerce, I am writing to express serious concern regarding the California Department of Justice's proposed regulations related to blackjack-style games and the rotation of the player-dealer position.

These proposed changes would have far-reaching consequences, not only for card rooms like Seven Mile Casino but also for the broader Chula Vista community. Seven Mile Casino is a trusted and vital community partner here in Chula Vista, known for its steadfast support of local nonprofit organizations, youth programs, education initiatives, and public safety efforts. Their commitment to being a true community partner has made a meaningful difference in the lives of countless residents.

For decades, the games in question have been approved and overseen by the Attorney General's office. The newly proposed rules — which seek to reclassify or prohibit long-standing games — appear to exceed the Department's authority and contradict established legislative intent. Most alarmingly, the DOJ's own economic impact study estimates these changes could result in over \$500 million in lost revenue statewide.

At the local level, these regulations would potentially translate into:

- A loss of critical tax revenue that supports essential city services
- The elimination of jobs for hardworking Chula Vista residents
- A significant reduction in philanthropic contributions that sustain community programs

Given Seven Mile Casino's integral role as a trusted community partner, any changes to the games they operate must be carefully considered considering the very real impacts these changes

will have on the Chula Vista community. We urge the Department to fully account for the social and economic consequences these regulations could impose, not only on the card room operators but on the nonprofits, families, and neighborhoods that rely on their support.

While our organization may not formally oppose the regulations, we respectfully request that the Department preserve the ability of responsible operators like Seven Mile Casino to continue their invaluable contributions to the health, stability, and wellbeing of Chula Vista.

Thank you for the opportunity to comment.

Sincerely,

**Roberto Alcantar**

Chair of Public Relations and Policy  
San Diego County Hispanic Chamber of Commerce



**San Jose  
Chamber of Commerce**

May 29, 2025

California Department of Justice, Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA 95834

**RE: Comments on Proposed Regulations Concerning Blackjack-Style Games;  
Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position**

Dear Director Yolanda Morrow and Ms. Andreia McMillen,

On behalf of the San Jose Chamber of Commerce, I am writing to express our opposition of the proposed regulations concerning blackjack-style games and rotation of the player-dealer position.

San Jose is home to two licensed cardrooms that contribute more than ***\$30 million annually*** to the City's general fund and employ hundreds of residents. These businesses support critical city services including police, fire, emergency medical response, and park maintenance. Both cardrooms have indicated that the proposed changes would result in ***revenue losses of up to 85%***, likely leading to closure. The economic impact on the city would be immediate and severe.

The assumptions underpinning the Bureau's proposal—that business will naturally shift to tribal casinos—are fundamentally flawed. Most patrons are local residents who live and work near their current cardrooms; they will not travel long distances to tribal casinos. Instead, restricting legal, regulated gaming will push demand toward illegal and unregulated operations—where oversight is nonexistent, and public safety risks are significantly greater. This shift would increase enforcement burdens for local jurisdictions and erode confidence in the state's regulatory framework.

Beyond San Jose, cardrooms across California sustain thousands of jobs and generate millions in local tax revenue. These regulations threaten not only our local economy but the fiscal health of dozens of cities that rely on cardroom revenue to fund essential services.

The Chamber strongly urges the Bureau to withdraw these proposed changes. The economic harm, job loss, and public safety consequences far outweigh any perceived regulatory benefits. We welcome the opportunity to work with the Bureau to identify more balanced approaches that preserve the integrity of gaming while protecting the communities and cities that depend on it.

Sincerely,

Leah Toeniskoetter  
President & CEO  
San Jose Chamber of Commerce

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May 23, 2025

California Department of Justice, Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA 95834  
E-mail: [BGC\\_Regulations@doj.ca.gov](mailto:BGC_Regulations@doj.ca.gov)

**Re: Comments on Proposed Regulations Concerning Blackjack-Style Games;  
Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position**

Dear Director Yolanda Morrow and Ms. Andreia McMillen:

On behalf of the Greater Stockton Chamber of Commerce, a business organization made up over 800 member businesses and organizations in Stockton, we are writing to express our strong opposition to the proposed regulations concerning blackjack-style games and the rotation of the player-dealer position.

If adopted, these regulations would devastate the cardroom industry and threaten thousands of jobs across the state including in Stockton. These jobs are a critical lifeline for working families, particularly in underserved communities where economic opportunities are limited.

The economic impact to local governments would be equally severe. Cardrooms are a significant source of general fund revenue for several cities—funding vital services such as police, fire protection, emergency response, and park maintenance. Eliminating this revenue would force cities to make deep cuts that hurt residents and compromise public safety.

Now is not the time to destabilize a reliable economic engine. These proposed regulations are economically reckless and based on flawed assumptions, including the idea that displaced patrons will simply shift to tribal casinos. In reality, we risk driving gaming into illegal, unregulated operations—exacerbating crime and creating costly enforcement challenges for local jurisdictions.

Further, these regulations overstep the Bureau's authority and undermine a well-established, legally compliant industry that has operated safely and successfully for decades.

For these reasons, we strongly urge the Bureau to withdraw the proposed regulations as they will have a direct impact on Californians.

Sincerely,

Tim Quinn  
CEO



## TOWN OF COLMA

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May 22, 2025

A. McMillen, Regulations Coordinator  
California Department of Justice  
Bureau of Gambling Control  
2450 Del Paso Road, Suite 100  
Sacramento, California 95834

Via U.S. Mail and [BGC\\_Regulations@doj.ca.gov](mailto:BGC_Regulations@doj.ca.gov)

### **Re: Town of Colma Objections to Proposed Regulations on Blackjack Styled Games**

The Town of Colma objects to the Bureau's proposed adoption of Regulations on Blackjack Styled Games (and the Player Dealer Position), because they will cause an immediate and colossal reduction in the play of card games at the Town's licensed card room, named Lucky Chances, and generate inimical economic consequences including huge revenue losses to the Town of Colma and devastating job losses to many of its citizens.

The Town of Colma operates on an annual budget of \$21,000,000 of which 21% is derived from tax revenues generated by Lucky Chances. In the 2023-2024 fiscal year, Lucky Chances contributed \$4,333,802 or 21% of the Town's total annual revenues.

The Bureau's proposed regulations imperil the Town's tax revenues and the services it provides to its residents due, in large part, to the revenues paid by Lucky Chances. The Town and Lucky Chances reasonably believe that the proposed regulations will generate an immediate reduction of 70% in the play of card games. Thus, on a pure mathematical basis, Colma would experience a reduction of \$3,033,661 in the tax revenues it would normally expect to receive from Lucky Chances. However, there also is the reality that Lucky Chances would close because it cannot sustain a 70% loss of its revenue. Thus, the Town of Colma is at the precipice of losing all its gaming revenue – \$4,333,802 or 21% of its budgeted revenue.

On the human side, the impact of this huge revenue loss will be borne by the residents of the Town of Colma who will be deprived of various levels of social services they currently enjoy.

On the local government side, the officials of the Town of Colma will be saddled with the responsibility of determining the nature and extent of the suffering they must impose on their residents that will become necessary to offset the revenue losses inflicted by the proposed regulations.

Ken Gonzalez, Mayor  
Carrie Slaughter, Vice Mayor  
Helen Fisicaro, Council Member • Joanne F. del Rosario, Council Member • Thomas Walsh, Council Member  
Daniel Barros, City Manager

According to our City Manager and his department heads, there are three potential scenarios to offset the annual \$3 Million revenue loss to the Town of Colma:

1. Eliminate one third of the Town's Public Safety Department and services, or
2. Eliminate the Public Works and Planning Departments in their entirety, or
3. Eliminate the Town's general government including the City Council, City Manager, City Attorney, Finance Department and Human Resources Department.

Which of these scenarios should the City Council implement?

Moreover, why should the City Council be required to make such choices? In other words, what is the need for the proposed regulations? What is the public benefit that compels the imposition of the regulations at such a great expense on the Town of Colma and its residents and on all gaming cities and their residents?

These questions are especially germane, because the play of Blackjack Styled games with the Player Dealer Position and at Lucky Chances have been supported by the California Gambling Control Commission and approved by the Bureau of Gambling Control for 25 years as permissible under the existing legal scheme since the adoption of the Gambling Control Act. These questions have not been answered by the Bureau's Notice of Proposed Rulemaking and Initial Statement of Reasons about the proposed regulations.

The Town of Colma is an interested party, because it has a gaming ordinance through which it licenses, regulates and taxes the Lucky Chances card room. Thus, the Town of Colma submits this letter to the Bureau to express its reasons for its objections to the Bureau's proposed regulations on the Player Dealer Position.

The Town of Colma also incorporates the substance of the letters of the California Cities Gaming Authority (CCGA) to the Bureau of Gambling Control dated May 16, 2025 that comment upon proposed Regulations 2010, 2073, 2074 and 2075 on Blackjack Styled Games, Proposed Regulations 2076 and 2077 on the Player Dealer Position and the Declaration of Daniel Barros dated May 21, 2025.

Therefore, the Town of Colma requests the Bureau to withdraw the adoption of these regulations based on the reasons expressed in this letter and those of the CCGA.

Respectfully submitted,

Ken Gonzales, Mayor



## TOWN OF COLMA

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May 21, 2025

A. McMillen, Regulations Coordinator      Via U.S. Mail and [BGC\\_Regulations@doj.ca.gov](mailto:BGC_Regulations@doj.ca.gov)  
California Department of Justice  
Bureau of Gambling Control  
2450 Del Paso Road, Suite 100  
Sacramento, California 95834

### **Re: Town of Colma Objections to Proposed Regulations on the Player Dealer Position**

The Town of Colma objects to the Bureau's proposed adoption of Regulations on the Player Dealer Position, because they will cause an immediate and colossal reduction in the play of card games at the Town's licensed card room, named Lucky Chances, and generate inimical economic consequences including huge revenue losses to the Town of Colma and devastating job losses to many of its citizens.

The Town of Colma operates on an annual budget of \$21,000,000 of which 21% is derived from tax revenues generated by Lucky Chances. In the 2023-2024 fiscal year, Lucky Chances contributed \$4,333,802 or 21% of the Town's total annual revenues.

The Bureau's proposed regulations imperil the Town's tax revenues and the services it provides to its residents due, in large part, to the revenues paid by Lucky Chances. The Town and Lucky Chances reasonably believe that the proposed regulations will generate an immediate reduction of 70% in the play of card games. Thus, on a pure mathematical basis, Colma would experience a reduction of \$3,033,661 in the tax revenues it would normally expect to receive from Lucky Chances. However, there also is the reality that Lucky Chances would close because it cannot sustain a 70% loss of its revenue. Thus, the Town of Colma is at the precipice of losing all its gaming revenue – \$4,333,802 or 21% of its budgeted revenue.

On the human side, the impact of this huge revenue loss will be borne by the residents of the Town of Colma who will be deprived of various levels of social services they currently enjoy.

On the local government side, the officials of the Town of Colma will be saddled with the responsibility of determining the nature and extent of the suffering they must impose on their residents that will become necessary to offset the revenue losses inflicted by the proposed regulations.

Ken Gonzalez, Mayor  
Carrie Slaughter, Vice Mayor  
Helen Fisicaro, Council Member • Joanne F. del Rosario, Council Member • Thomas Walsh, Council Member  
Daniel Barros, City Manager



According to our Town Manager and his department heads, there are three potential scenarios to offset the annual \$3 Million revenue loss to the Town of Colma:

1. Eliminate one third of the Town's Public Safety Department and services, or
2. Eliminate the Public Works and Planning Departments in their entirety, or
3. Eliminate the Town's general government including the City Council, City Manager, City Attorney, Finance Department and Human Resources Department.

Which of these scenarios should the City Council implement?

Moreover, why should the City Council be required to make such choices? In other words, what is the need for the proposed regulations? What is the public benefit that compels the imposition of the regulations at such a great expense on the Town of Colma and its residents and on all gaming cities and their residents?

These questions are especially germane, because the play of all card games using the Player Dealer Position and the play of Blackjack Styled games at Lucky Chances have been supported by the California Gambling Control Commission and approved by the Bureau of Gambling Control for 25 years as permissible under the existing legal scheme since the adoption of the Gambling Control Act. These questions have not been answered by the Bureau's Notice of Proposed Rulemaking and Initial Statement of Reasons about the proposed regulations.

The Town of Colma is an interested party, because it has a gaming ordinance through which it licenses, regulates and taxes the Lucky Chances card room. Thus, the Town of Colma submits this letter to the Bureau to express its reasons for its objections to the Bureau's proposed regulations on the Player Dealer Position.

The Town of Colma also incorporates the substance of the letters of the California Cities Gaming Authority (CCGA) to the Bureau of Gambling Control dated May 16, 2025 that comment upon proposed Regulations 2076 and 2077 on the Player Dealer Position and Regulations 2010, 2073, 2074 and 2075 on Blackjack Styled Games and the Declaration of Daniel Barros dated May 21, 2025.

Therefore, the Town of Colma requests the Bureau to withdraw the adoption of these regulations based on the reasons expressed in this letter and those of the CCGA.

Respectfully submitted,

Ken Gonzales, Mayor

Tracy Chamber of Commerce

28 May 2025

California Department of Justice, Bureau of Gambling Control  
Attention: Regulations  
2450 Del Paso Road, Suite 100  
Sacramento, CA 95834

**Re: Comments on Proposed Regulations Concerning Blackjack-Style Games; Comments on Proposed Regulations Concerning Rotation of the Player-Dealer Position**

Dear Director Yolanda Morrow and Ms. Andreia McMillen:

On behalf of the Tracy Chamber of Commerce, a business organization made up of 400 business organizations in Tracy, CA, we are writing to express our strong opposition to the proposed regulations concerning blackjack-style games and the rotation of the player-dealer position.

If adopted, these regulations would devastate the cardroom industry and threaten thousands of jobs across the state including in our city. These jobs are a critical lifeline for working families, particularly in underserved communities where economic opportunities are limited.

The economic impact on local governments would be equally severe. Cardrooms are a significant source of general fund revenue for several cities—funding vital services such as police, fire protection, emergency response, and park maintenance. Eliminating this revenue would force cities to make deep cuts that hurt residents and compromise public safety.

Now is not the time to destabilize a reliable economic engine. These proposed regulations are economically reckless and based on flawed assumptions, including the idea that displaced patrons will simply shift to tribal casinos. In reality, we risk driving gaming into illegal, unregulated operations, exacerbating crime and creating costly enforcement challenges for local jurisdictions.



Further, these regulations overstep the Bureau's authority and undermine a well-established, legally compliant industry that has operated safely and successfully for decades.

For these reasons, we strongly urge the Bureau to withdraw the proposed regulations as they will have a direct impact on Californians.

Sincerely,

Melinda Ramirez, CEO