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**Statement in Response to California State Auditor Report on the Bureau of
Gambling Control and California Gambling Control Commission**

Sacramento, CA – The Communities for California Cardrooms (CCC)-- a nonprofit organization that represents nearly 50 cardrooms, TPPPS, and business organizations and is a \$2.23 billion industry that provides 35,000 total jobs in the State of California -- issued the following statement in response to today's California State Auditor Report on the Bureau of Gambling Control and California Gambling Control Commission that found substantial unfairness and inconsistencies that put cardrooms at a disadvantage including:

- The Bureau's and Commission's inefficiencies have driven delays and compounded backlogs in the licensing process.
- The Bureau and Commission have charged fees that do not align with regulatory costs, resulting in an excessive surplus and fairness concerns.
- The Bureau's and Commission's inconsistent regulations and practices have resulted in the unequal treatment of applicants.

Specifically, below are important key points from the report:

- ✓ The Bureau has elected to stop issuing decisions on certain games applications, which has placed some card room owners at an economic disadvantage by preventing them from offering games that the Bureau approved for their competitors (pg. 13).
- ✓ Inconsistencies in the Commission's regulations create wide-ranging differences in how it treats applicants. These differences include significant variations in the time frames in which applicants must submit their applications for review, in the extent to which applicants can reapply for licenses, and in the ability of applicants to work in the gaming industry while their applications are pending (pg. 43).
- ✓ The Bureau has applied different levels of scrutiny to applicants without clear justification, often as the result of staff's inconsistently following Bureau procedures or as a result of issues with the procedures themselves. The Bureau's incomplete documentation prevented us from more fully

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assessing the consistency of its reviews of aspects of applicants' backgrounds (pg. 43).

In response, CCC President Clarke Rosa stated, "for years the cardroom industry has been extremely concerned about the Bureau and Commission's inefficiencies, delays, and inconsistent practices. The Bureau and Commission have practices in place that regulate our industry and ensure that the industry is operating in a legal manner however, our concerns have been specifically about the inefficiencies that slow down the entire process and result in compliant businesses not being able to operate under the regulations currently in place.

"The majority of our members are small businesses owners who cannot afford these types of inefficiencies as it has the potential to result in a significant reduction of operations, layoffs, and revenue. The release of this independent audit, as directed by the Joint Legislative Audit Committee, validates the concerns we have been expressing to the Bureau and Commission for years.

"We view this report as a positive step toward identifying those inefficiencies and working toward a solution that will eliminate the delays in game and license approvals, which cost the cardroom industry and our local economies millions of dollars. We will work with our members and the entire industry, as well as our broad and diverse coalition of supporters, including public safety, cities, and business associations, to address appropriate use of funds and work with the Legislature to amend the Gambling Control Act to rectify the concerns outlined in the audit, and create clarity and efficiencies for a prosperous industry.

"We want to thank the California State Auditor Elaine M. Howle for the thorough and comprehensive research that validated our concerns and we understand that these issues have been an accumulation of inefficiencies that have been compounded over many years. We look forward to working with the Legislature, Bureau, and Commission to address the recommendations brought forth in the report."

To view the report, please visit: <http://www.auditor.ca.gov/pdfs/reports/2018-132.pdf>

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The Communities for California Cardrooms (CCC) is a 501(c)4 nonprofit organization that provides a united voice for small businesses; advances and protects local jobs and the economy that is provided by cardrooms; educates and highlights the public on the benefits and history of cardrooms in their communities; and encourages inclusiveness with businesses small and large that share in protecting and growing jobs in California communities.