

Introduced by Senator Hayden

December 5, 1994

An act to repeal Section 19445 of, and to repeal and add Chapter 5 (commencing with Section 19800) of Division 8 of, the Business and Professions Code, to add Section 1822.60 to the Code of Civil Procedure, to amend Sections 11553.5, 12012, and 15001 of, and to add Sections 15001.1 and 15001.2 to, the Government Code, and to add Section 337j to the Penal Code, relating to gambling.

LEGISLATIVE COUNSEL'S DIGEST

SB 5, as introduced, Hayden. Gambling.

(1) Existing law, the Gaming Registration Act, among other things, prohibits the ownership or operation of a gaming club, as defined, without first obtaining a valid registration from the Attorney General. Existing law subjects any person operating a gaming club without a license to punishment in the state prison or in a county jail for not more than one year.

This bill would repeal the Gaming Registration Act. The bill would recast these provisions, as specified, and would enact the Gambling Control Act. This bill would also create the California Gambling Control Commission, and would authorize the commission to regulate legal gambling in this state, as specified.

(2) Under existing law, the California Horse Racing Board is the state entity responsible for negotiating with the Indian tribes for the purpose of entering into a tribal-state compact governing the conduct of horseracing activities on Indian lands of the tribe.

This bill would repeal that provision and would instead authorize the Governor to negotiate and execute compacts with the Indian tribes to conduct Class III gaming, as defined, on Indian lands.

(3) Existing law provides that the Department of Justice, under the direction and control of the Attorney General, is composed of the office of the Attorney General and the Division of Law Enforcement.

This bill would create the Division of Gambling Control within the Department of Justice. The bill would specify that the Division of Gambling Control is responsible for investigation and enforcement of controlled gambling activity in the state.

(4) Existing law prohibits certain conduct with regard to gambling, as specified.

This bill, among other things, would provide that a violation of the Gambling Control Act, unless otherwise indicated in the act, is a misdemeanor, thereby imposing a state-mandated local program by creating a new crime. The bill would also prohibit specified persons from engaging in certain activity related to any controlled game, as defined, or to use, manufacture, or distribute in this state, gambling equipment in connection with any controlled game, without having first procured and thereafter maintained in effect, all federal, state, and local licenses required by law. A violation of this provision would be a misdemeanor, thereby imposing a state-mandated local program by creating a new crime.

(5) This bill would create within the State Treasury the Gambling Control Fund, and would make that fund available to the Department of Justice exclusively for the support of the Division of Gambling Control and the California Gambling Control Commission, upon appropriation, as specified.

(6) The existing Political Reform Act of 1974 generally prohibits a party to, or a participant in, a proceeding involving a license, permit, or other entitlement for use pending before an agency from making a contribution of more than \$250 to any officer of that agency during the proceeding and for 3 months following the date a final decision is rendered by the agency in the proceeding. This act also imposes specified



limitations upon campaign contributions made in local elections.

This bill would enact restrictions amending those provisions in the Political Reform Act of 1974, to render any person ineligible to hold a state license if he or she makes a financial contribution to a committee organized for the purpose of supporting or defeating the passage of a ballot measure permitting controlled gambling, as specified.

The Milton Marks Postgovernment Employment Restrictions Act of 1990, a part of the Political Reform Act of 1974, generally prohibits officers and employees of a state administrative agency, as defined from making an appearance or communication for a period of 12 months after he or she leaves office before or to that agency for the purpose of influencing administrative action or other proceeding of the agency.

This bill would amend these provisions by enacting a similar restriction applicable to certain officials and employees of the commission, and would extend the restriction to 3 years from termination of employment or leaving of the office.

The Political Reform Act of 1974, an initiative measure, provides that the act may be amended by a statute that becomes effective upon approval of the voters.

This bill would require the Secretary of State to submit the provisions summarized in paragraph (6) to the voters for approval at the March 26, 1996, statewide direct primary election.

(7) This bill would also impose a state-mandated local program by increasing the reporting and specified administrative duties of local law enforcement and licensing entities.

(8) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for certain costs for a specified reason.

However, the bill would provide that, if the Commission on State Mandates determines that this bill contains other costs mandated by the state, reimbursement for those costs shall be



made pursuant to those statutory procedures and, if the statewide cost does not exceed \$1,000,000, shall be made from the State Mandates Claims Fund.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19445 of the Business and
2 Professions Code is repealed.

3 ~~19445. The board is the designated state entity~~
4 ~~responsible for negotiating with an Indian tribe pursuant~~
5 ~~to the Indian Gaming Regulatory Act (25 U.S.C. SEC.~~
6 ~~2701 et. seq.), for the purpose of entering into a~~
7 ~~Tribal State compact governing the conduct of~~
8 ~~horseracing activities on the Indian lands of the tribe.~~

9 SEC. 2. Chapter 5 (commencing with Section 19800)
10 of Division 8 of the Business and Professions Code is
11 repealed.

12 SEC. 3. Chapter 5 (commencing with Section 19800)
13 is added to Division 8 of the Business and Professions
14 Code, to read:

15
16 CHAPTER 5. THE GAMBLING CONTROL ACT

17
18
19 Article 1. General Provisions

20
21 19800. This chapter shall be known and may be cited
22 as the "Gambling Control Act."

23 19801. The Legislature hereby finds and declares all
24 of the following:

25 (a) The longstanding public policy of this state
26 disfavors unregulated gambling. State law prohibits
27 commercially operated lotteries, banked or percentage
28 games, gambling machines, and strictly regulates
29 parimutuel wagering on horseracing. To the extent that
30 state law categorically prohibits certain forms of
31 gambling and prohibits gambling devices, nothing herein



1 shall be construed to in any manner reflect a legislative
2 intent to relax those prohibitions.

3 (b) Gambling can become addictive and is not an
4 activity to be promoted or legitimized as entertainment
5 for children and families.

6 (c) Unregulated gambling enterprises are inimical to
7 the public health, safety, welfare, and good order.
8 Accordingly, no person in this state has a right to operate
9 a gambling enterprise except as may be expressly
10 permitted by the laws of this state and by the ordinances
11 of local governmental bodies.

12 (d) It is the policy of this state that gambling activities
13 that are not expressly prohibited or regulated by state law
14 may be prohibited or regulated by local government.
15 Moreover, it is the policy of this state that no new card
16 room may be opened in a city, county, or city and county
17 that did not permit card rooms prior to January 1, 1984,
18 except upon the affirmative vote of the electors of that
19 city, county, or city and county.

20 (e) It is not the purpose of this chapter to expand
21 opportunities for gambling, to create any right to operate
22 a gambling enterprise in this state, or to have a financial
23 interest in any gambling enterprise. Rather, it is the
24 purpose of this chapter to regulate businesses that offer
25 otherwise lawful forms of gambling games.

26 (f) Public trust that permissible gambling will not
27 endanger the public health, safety, or welfare requires
28 that comprehensive measures be enacted to ensure that
29 such gambling is free from criminal and dishonest
30 elements, that it is conducted honestly and competitively,
31 and that it is conducted in suitable locations.

32 (g) Public trust and confidence are maintained by
33 comprehensive regulation of all persons, locations,
34 practices, associations, and activities related to the
35 operation of lawful gambling establishments and the
36 manufacture or distribution of permissible gambling
37 equipment.

38 (h) Therefore, all lawful gambling operations and all
39 establishments where permissible forms of gambling are
40 conducted, and all manufacturers, sellers, and



1 distributors of lawful gambling equipment must be
2 licensed and regulated to protect the public health,
3 safety, and general welfare of the residents of this state as
4 an exercise of the police powers of the state.

5 (i) To ensure that lawful gambling is conducted
6 honestly, competitively, and free of criminal and
7 dishonest elements, all licensed gambling establishments
8 in this state must remain open to the general public and
9 the access of the general public to licensed gambling
10 activities must not be restricted in any manner, except as
11 provided by the Legislature. However, subject to state
12 and federal prohibitions against discrimination, nothing
13 herein shall be construed to preclude exclusion of
14 unsuitable persons from licensed gambling
15 establishments in the exercise of reasonable business
16 judgment.

17 (j) In order to effectuate state policy as declared
18 herein, it is necessary that permissible gambling
19 establishments, activities, and equipment be licensed,
20 that persons participating in those activities be licensed
21 or registered, that certain transactions, events, and
22 processes involving gambling establishments and owners
23 of gambling establishments be subject to prior approval
24 or permission, that unsuitable persons not be permitted
25 to associate with permissible gambling activities or
26 gambling establishments, and that gambling activities
27 take place only in suitable locations. Any license or permit
28 issued, or other approval granted pursuant to this
29 chapter, is declared to be a revocable privilege, and no
30 holder acquires any vested right therein or thereunder.

31 (k) Location of lawful gambling premises, the hours of
32 operation of those premises, the number of tables
33 permitted in those premises, and wagering limits in
34 permissible games conducted in those premises are
35 proper subjects for regulation by local governmental
36 bodies. However, consideration of those same subjects by
37 a state regulatory agency, as specified in this chapter, is
38 warranted when local governmental regulation
39 respecting those subjects is inadequate.



1 (l) The exclusion or ejection of certain persons from
2 gambling establishments is necessary to effectuate the
3 policies of this chapter and to maintain effectively the
4 strict regulation of licensed gambling.

5 (m) Records and reports of cash and credit
6 transactions involving gambling establishments may
7 have a high degree of usefulness in criminal and
8 regulatory investigations and, therefore, licensed
9 gambling operators may be required to keep records and
10 make reports concerning significant cash and credit
11 transactions.

12 (n) In counties with large concentrated populations,
13 problems incident to gambling establishments are both
14 qualitatively and quantitatively different from problems
15 in small counties. The Legislature also finds that the
16 problems inherent in complying with the new regulatory
17 scheme established by this chapter are appreciably more
18 complex in large counties than in small counties.

19 19802. (a) It is the intent of the Legislature, in
20 enacting this chapter, to provide uniform, minimum
21 standards of regulation of permissible gambling activities
22 and the operation of lawful gambling establishments.

23 (b) Nothing in this chapter shall be construed to
24 preclude any city, county, or city and county from
25 prohibiting any gambling activity, from imposing more
26 stringent local controls or conditions upon gambling than
27 are imposed by this chapter or by the commission, from
28 inspecting gambling premises to enforce applicable state
29 and local laws, or from imposing any local tax or license
30 fee, if the prohibition, control, condition, inspection, tax,
31 or fee is not inconsistent with this chapter. Nothing in this
32 chapter shall be construed to affect the responsibility of
33 local law enforcement agencies to enforce the laws of this
34 state, including this chapter.

35 19804. (a) In any action for declaratory or injunctive
36 relief, or for relief by way of any extraordinary writ, other
37 than an action initiated pursuant to Section 19922,
38 wherein the construction, application, or enforcement of
39 this chapter, or any regulation adopted pursuant thereto,
40 or any order of the division or the commission issued



1 pursuant thereto, is called into question, a court shall not
2 grant any preliminary or permanent injunction, or any
3 peremptory writ of mandate, certiorari, or prohibition, in
4 connection therewith, except as follows:

5 (1) Upon proof by clear and convincing evidence that
6 the division or the commission is abusing or threatens to
7 abuse its discretion.

8 (2) Upon proof by clear and convincing evidence that
9 the division or the commission is exceeding or threatens
10 to exceed its jurisdiction.

11 (b) No temporary injunction or other provisional
12 order shall issue to restrain, stay, or otherwise interfere
13 with any action by the division or the commission except
14 upon a finding by the court, based on clear and
15 convincing evidence, that the public interest will not be
16 prejudiced thereby, and no such order shall be effective
17 for more than 15 calendar days.

18 (c) Nothing herein shall be construed to relieve a
19 petitioner's obligation to exhaust administrative
20 remedies.

21 (d) In an action for relief of any nature wherein the
22 construction, application, or enforcement of this chapter,
23 or any regulation adopted pursuant thereto, or any order
24 of the division or commission issued pursuant thereto, is
25 called into question, the party filing the pleading shall
26 furnish a copy thereof to the Attorney General. The copy
27 shall be furnished by the party filing the pleading within
28 10 business days after filing.

29 19805. As used in this chapter, the following words
30 mean:

31 (a) "Affiliate" means a person who, directly or
32 indirectly through one or more intermediaries, controls,
33 is controlled by, or is under common control with, a
34 specified person.

35 (b) "Applicant" means any person who has applied
36 for, or is about to apply for, a state gambling license,
37 manufacturer's or distributor's license, or approval of any
38 act or transaction for which commission approval is
39 required or permitted under this chapter.



1 (c) “Commission” means the California Gambling
2 Control Commission.

3 (d) “Controlled game” means any controlled game, as
4 defined by subdivision (d) of Section 337j of the Penal
5 Code.

6 (e) “Controlled gambling” means to deal, operate,
7 carry on, conduct, maintain, or expose for play any
8 controlled game.

9 (f) “Director,” when used in connection with a
10 corporation, means any director of a corporation or any
11 person performing similar functions with respect to any
12 organization. In any other case, “director” means the
13 Director of the Division of Gambling Control.

14 (g) “Division” means the Division of Gambling
15 Control in the Department of Justice.

16 (h) “Finding of suitability” means a finding that a
17 person meets the qualification criteria described in
18 subdivisions (a) and (b) of Section 19848, and that the
19 person would not be disqualified from holding a state
20 gambling license on any of the grounds specified in
21 subdivisions (b) to (f), inclusive, of Section 19850.

22 (i) “Gambling” means to deal, operate, carry on,
23 conduct, maintain, or expose for play any controlled
24 game.

25 (j) “Game” and “gambling game” means any
26 controlled game.

27 (k) “Gambling enterprise employee” means any
28 natural person employed in the operation of a gambling
29 enterprise, including, without limitation, dealers,
30 floormen, security employees, count room personnel,
31 cage personnel, collection personnel, surveillance
32 personnel, data processing personnel, appropriate
33 maintenance personnel, waiters and waitresses, and
34 secretaries, or any other natural person whose
35 employment duties require or authorize access to
36 restricted gambling establishment areas.

37 (l) “Gambling establishment” or “establishment”
38 means one or more rooms where any controlled gambling
39 occurs.



1 (m) “Gambling equipment” means cards, tiles, dice,
2 chips, dealing shoes, drop boxes, gambling tables, devices
3 for weighing and counting money, and any other
4 equipment or mechanical, electromechanical, or
5 electronic contrivance, component, or machine used
6 remotely or directly in connection with gambling or any
7 controlled game.

8 (n) “Gambling license” means any license issued by
9 the state that authorizes the person named therein to
10 conduct a gambling operation.

11 (o) “Gambling operation” or “gambling enterprise”
12 means one or more controlled games that are dealt,
13 operated, carried on, conducted, maintained, or exposed
14 for play for commercial gain.

15 (p) Except as provided by regulation, “gross revenue”
16 means the total of all compensation received for
17 conducting any controlled game, and includes cash, such
18 as fees or interest, received in payment for credit
19 extended by an owner licensee to a patron for purposes
20 of gambling.

21 (q) Except as determined by regulation,
22 “independent agent” means any person who does either
23 of the following:

24 (1) Approves or grants the extension of gambling
25 credit on behalf of a gambling licensee or collects debt
26 evidenced by a credit instrument.

27 (2) Contracts with an owner licensee, or an affiliate
28 thereof, to provide services consisting of arranging
29 transportation or lodging for guests at a gambling
30 establishment.

31 (r) “Key employee” means any natural person
32 employed in the operation of a gambling enterprise in a
33 supervisory capacity or empowered to make
34 discretionary decisions that regulate gambling
35 operations, including, without limitation, pit bosses, shift
36 bosses, credit executives, cashier operations supervisors,
37 gambling operation managers and assistant managers,
38 managers or supervisors of security employees, or any
39 other natural person designated as a “key employee” by



1 the commission for reasons consistent with the policies of
2 this chapter.

3 (s) “Key employee license” means a state license
4 authorizing the holder to be associated with a gambling
5 enterprise as a key employee.

6 (t) “Licensed gambling establishment” means the
7 gambling premises encompassed by a state gambling
8 license.

9 (u) “Limited partnership” means a partnership
10 formed by two or more persons having as members one
11 or more general partners and one or more limited
12 partners.

13 (v) “Limited partnership interest” means the right of
14 a general or limited partner to any of the following:

15 (1) To receive from a limited partnership any of the
16 following:

17 (A) A share of the revenue.

18 (B) Any other compensation by way of income.

19 (C) A return of any or all of his or her contribution to
20 capital of the limited partnership.

21 (2) To exercise any of the rights provided under state
22 law.

23 (w) “Owner licensee” means an owner of a gambling
24 enterprise who holds a state gambling license.

25 (x) Unless otherwise indicated, “person” includes a
26 natural person, corporation, partnership, limited
27 partnership, trust, joint venture, association, or any other
28 business organization.

29 (y) “Work permit” means any card, certificate, or
30 permit issued by the commission or by a county, city, or
31 city and county, whether denominated as a work permit,
32 registration card, or otherwise, authorizing the holder to
33 be employed as a gambling enterprise employee or to
34 serve as an independent agent. A document issued by any
35 governmental authority for any employment other than
36 gambling is not a valid work permit for the purposes of
37 this chapter.

38 19806. Nothing in this chapter shall be construed in
39 any way to permit or authorize any conduct made
40 unlawful by Chapter 9 (commencing with Section 319)



1 of, or Chapter 10 (commencing with Section 330) of, Title
2 9 of Part 1 of the Penal Code, or any local ordinance.

3 19807. Except as otherwise provided in this chapter,
4 whenever the division or commission is a defendant or
5 respondent in any proceeding, venue for the proceeding
6 shall be in the County of Sacramento, the City and
7 County of San Francisco, the County of Los Angeles, or
8 the County of San Diego.

9

10 Article 2. Administration

11

12 19810. There is in state government the California
13 Gambling Control Commission, consisting of five
14 members. Jurisdiction and supervision over gambling
15 establishments in this state and over all persons or things
16 having to do with the operation of gambling
17 establishments is vested in the commission.

18 19811. (a) Each member of the commission shall be
19 a citizen of the United States and a resident of this state.

20 (b) No Member of the Legislature, no person holding
21 any elective office in state, county, or local government,
22 and no officer or official of any political party is eligible
23 for appointment to the commission as a voting member.

24 (c) No more than three of the five members of the
25 commission shall be members of the same political party.

26 (d) A person is ineligible for appointment to the
27 commission if, within 10 years prior to appointment, the
28 person, or any partnership or corporation in which the
29 person is a principal, was employed by, retained by, or
30 derived substantial income from, any gambling
31 establishment, whether or not a controlled gambling
32 establishment.

33 19812. (a) The five members of the commission shall
34 be appointed as follows:

35 (1) Three members shall be appointed by the
36 Governor. One of these three members shall be
37 designated by the Governor as the chairperson of the
38 commission.

39 (2) One member shall be appointed by the Speaker of
40 the Assembly.

1 (3) One member shall be appointed by the Senate
2 Committee on Rules.

3 (b) Prior to the appointment of any member pursuant
4 to subdivision (a), the appointing power shall request a
5 background investigation on the prospective appointee
6 from the Department of Justice. The background
7 investigation shall consider all of the factors specified in
8 subdivision (d) of Section 19811 and subdivisions (a) and
9 (b) of Section 19848. The Department of Justice shall
10 submit the results of the background investigation to the
11 appointing power within 30 days after the request is
12 submitted to the department. Notwithstanding any other
13 provision of law, the results of the background
14 investigation shall not constitute a public record or a
15 legislative record.

16 (c) (1) The term of office of the members shall be five
17 years, and initial terms shall be staggered. One of the
18 members appointed by the Governor shall be appointed
19 to an initial term of five years; one of the members
20 appointed by the Governor shall be appointed to an initial
21 term of four years; and one of the members appointed by
22 the Governor shall be appointed to an initial term of three
23 years. The member appointed by the Speaker of the
24 Assembly and the member appointed by the Senate
25 Committee on Rules shall each be appointed to an initial
26 term of four years.

27 (2) No member of the commission may be appointed
28 to more than one five-year term of office. Individuals
29 initially appointed to a term of less than five years, and
30 individuals initially appointed to fill an unexpired term of
31 less than five years, may be appointed to a subsequent and
32 consecutive term of five years.

33 (d) The initial appointments shall be made on or
34 before March 1, 1996. Thereafter, vacancies shall be filled
35 by the appointing power within 60 days of the vacancy.
36 Any person appointed to fill a vacancy shall be appointed
37 only for the unexpired term of the member to whose term
38 he or she is succeeding.

39 (e) The member designated by the Governor to serve
40 as chairperson of the commission pursuant to paragraph

1 (1) of subdivision (a), shall serve as chairperson during
2 his or her term or until his or her successor has been duly
3 appointed and confirmed by the Senate.

4 19813. (a) The commission members shall not
5 engage in any other business, vocation, or employment.

6 (b) Before entering upon the duties of his or her office,
7 each member shall subscribe to the constitutional oath of
8 office and, in addition, swear that he or she is not, and
9 during his or her term of office shall not be, pecuniarily
10 interested in, or doing business with, any person, business,
11 or organization holding a gambling license.

12 19814. The members of the commission shall receive
13 the salary provided for by Section 11553.5 of the
14 Government Code.

15 19815. (a) The commission shall have an executive
16 secretary appointed by the commission. A person is
17 ineligible for appointment as executive secretary or
18 deputy executive secretary if, within 10 years prior to
19 appointment, the person, or any partnership or
20 corporation in which the person is a principal, was
21 employed by, retained by, or derived substantial income
22 from, any gambling establishment, whether or not a
23 controlled gambling establishment.

24 (b) The executive secretary shall receive the annual
25 salary established by the commission and approved by the
26 Department of Personnel Administration. The executive
27 secretary shall be the commission's executive officer and
28 shall carry out and execute the duties as specified by law
29 and by the commission and, for that purpose, the
30 executive secretary may appoint staff and clerical
31 personnel. It is the intent of the Legislature that the
32 employment of assistants and clerical personnel as
33 provided by this subdivision shall not be accomplished by
34 any reduction in the reasonably necessary staffing level
35 of the division.

36 19815.5. The commission shall establish a Gambling
37 Policy Advisory Committee of 10 members. The
38 committee shall be composed of representatives of
39 controlled gambling licensees and members of the
40 general public in equal numbers. The executive secretary



1 shall, from time to time, convene the committee for the
2 exclusive purpose of discussing matters of controlled
3 gambling regulatory policy. The recommendations
4 concerning gambling policy made by the committee shall
5 be presented to the division and the commission, but shall
6 be deemed advisory and not binding on the division or
7 the commission in the performance of their duties or
8 functions.

9 19815.6. The commission shall investigate the
10 following matters:

11 (a) The consequences, benefits, and disadvantages of
12 imposing a state tax on revenue generated by licensed
13 gambling establishments.

14 (b) Regulation of advertising for the purpose of
15 limiting exposure of children to materials promoting
16 gambling.

17 (c) The consequences, benefits, or disadvantages of
18 permitting investment in gambling establishments by
19 persons financially interested in gambling activities
20 prohibited by Section 330 of the Penal Code.

21 (d) The commission shall report its findings to the
22 Legislature and the Governor no later than January 1,
23 1998.

24 19816. The division shall furnish to the commission all
25 investigative and technical services as may be necessary
26 for the purpose of carrying out the commission's
27 functions.

28 19817. (a) The commission shall establish and
29 maintain a general office for the transaction of its business
30 in Sacramento. The commission may hold meetings at
31 any place within the state when the interests of the public
32 may be better served.

33 (b) A public record of every vote shall be maintained
34 at the commission's general office.

35 (c) A majority of the membership of the commission
36 is a quorum of the commission. The concurring vote of
37 three members of the commission shall be required for
38 any official action of the commission or for the exercise of
39 any of the commission's duties, powers, or functions.



1 (d) Except as otherwise provided in this chapter,
2 Article 9 (commencing with Section 11120) of Chapter 1
3 of Part 1 of Division 3 of Title 2 of the Government Code
4 applies to meetings of the commission. Notwithstanding
5 Section 11125.1 of the Government Code, documents,
6 which are filed with the commission by the division for
7 purposes of evaluating the qualifications of an applicant
8 are exempt from disclosure under Chapter 3.5
9 (commencing with Section 6250) of Division 7 of Title 1
10 of the Government Code.

11 19818. The Attorney General is legal counsel to, and
12 attorney for, the commission.

13 19820. (a) The commission shall cause to be made
14 and kept a record of all proceedings at regular and special
15 meetings of the commission. These records shall be open
16 to public inspection.

17 (b) The commission shall maintain a file of all
18 applications for licenses under this chapter, together with
19 a record of all action taken with respect to those
20 applications. The file and record shall be open to public
21 inspection.

22 (c) The division and commission may maintain any
23 other files and records as they deem appropriate. Except
24 as provided in this chapter, the records of the division are
25 exempt from Chapter 3.5 (commencing with Section
26 6250) of Division 7 of Title 1 of the Government Code.

27 (d) Except as necessary for the administration of this
28 chapter, no commissioner and no official, employee, or
29 agent of the commission or division, having obtained
30 access to confidential records or information in the
31 performance of duties pursuant to this chapter, shall
32 knowingly disclose or furnish the records or information,
33 or any part thereof, to any person who is not authorized
34 by law to receive it. A violation of this subdivision is a
35 misdemeanor.

36 (e) Notwithstanding subdivision (k) of Section 1798.24
37 of the Civil Code, a court shall not compel disclosure of
38 personal information in the possession of the division or
39 the commission to any person in any civil proceeding
40 wherein the division or the commission is not a party,



1 except for good cause and upon a showing that the
2 information cannot otherwise be obtained. Nothing
3 herein shall be construed to authorize the disclosure of
4 personal information that would otherwise be exempt
5 from disclosure.

6 19821. (a) All files, records, reports, and other
7 information in possession of any state or local
8 governmental agency that are relevant to an
9 investigation by the division conducted pursuant to this
10 chapter shall be made available to the division as
11 requested. However, any tax information received from
12 a governmental agency shall be used solely for
13 effectuating the purposes of this chapter. To the extent
14 that the files, records, reports, or information described
15 in this subdivision are confidential or otherwise
16 privileged from disclosure under any law or exercise of
17 discretion, they shall not lose that confidential or
18 privileged status for having been disclosed to the division.

19 (b) All files, records, reports, and other information
20 pertaining to gambling matters in the possession of the
21 division shall be open at all times to inspection by
22 members of the commission.

23 19822. Responsibilities of the commission shall
24 include, without limitation, the following:

25 (a) Assuring that licenses, approvals, and permits are
26 not issued to, or held by, unqualified or disqualified
27 persons, or by persons whose operations are conducted in
28 a manner that is inimical to the public health, safety, or
29 welfare.

30 (b) Assuring that there is no material involvement,
31 directly or indirectly, with a licensed gambling operation,
32 or the ownership or management thereof, by unqualified
33 or disqualified persons, or by persons whose operations
34 are conducted in a manner that is inimical to the public
35 health, safety, or welfare.

36 (c) For purposes of this section, “unqualified person”
37 means a person who is found by the commission to be
38 unqualified pursuant to the criteria set forth in Section
39 19848, and “disqualified person” means a person who is



1 found by the commission to be disqualified pursuant to
2 the criteria set forth in Section 19850.

3 19823. The commission shall have all powers
4 necessary and proper to enable it fully and effectually to
5 carry out the policies and purposes of this chapter,
6 including, without limitation, the power to do all of the
7 following:

8 (a) Require any person to apply for a license or
9 approval as specified in this chapter.

10 (b) Deny any application for a license or approval;
11 limit, condition, restrict, suspend, or revoke any license
12 or approval; or impose any fine upon any person licensed
13 or approved, for any cause deemed reasonable by the
14 commission.

15 (c) Approve or disapprove transactions, events, and
16 processes as provided in this chapter.

17 (d) Take actions deemed to be reasonable to ensure
18 that no ineligible, unqualified, disqualified, or unsuitable
19 persons are associated with controlled gambling
20 activities.

21 (e) Take actions deemed to be reasonable to ensure
22 that gambling activities take place only in suitable
23 locations.

24 (f) Grant temporary licenses or approvals on
25 appropriate terms and conditions.

26 (g) Institute a civil action in any superior court against
27 any person subject to this chapter to restrain a violation
28 of this chapter. An action brought against a person
29 pursuant to this section does not preclude a criminal
30 action or administrative proceeding against that person
31 by the Attorney General or any district attorney or city
32 attorney.

33 19824. The division shall have all of the following
34 responsibilities:

35 (a) To investigate the qualifications of applicants
36 before any license is issued, and to investigate any request
37 to the commission for any approval or permission that
38 may be required pursuant to this chapter. The division
39 may recommend the denial or the limitation,



1 conditioning, or restriction of any license, approval, or
2 permission.

3 (b) To monitor the conduct of all licensees and other
4 persons having a material involvement, directly or
5 indirectly, with a gambling operation or its holding
6 company, for the purpose of ensuring that licenses are not
7 issued or held by, and that there is no direct or indirect
8 material involvement with, a gambling operation or
9 holding company by ineligible, unqualified, disqualified,
10 or unsuitable persons, or persons whose operations are
11 conducted in a manner that is inimical to the public
12 health, safety, or welfare.

13 (c) To investigate suspected violations of this chapter
14 or laws of this state relating to gambling, including any
15 activity prohibited by Chapter 9 (commencing with
16 Section 319) or Chapter 10 (commencing with Section
17 330) of Title 9 of Part 1 of the Penal Code.

18 (d) To investigate complaints that are lodged against
19 licensees, or other persons associated with a gambling
20 operation, by members of the public.

21 (e) To initiate, where appropriate, disciplinary actions
22 as provided in this chapter. In connection with any
23 disciplinary action, the division may seek restriction,
24 limitation, suspension, or revocation of any license or
25 approval, or the imposition of any fine upon any person
26 licensed or approved.

27 19825. (a) The division has all power necessary and
28 proper to enable it to carry out fully and effectually the
29 duties and responsibilities of the division specified in this
30 chapter. The powers of the division include, but are not
31 limited to, all of the following:

32 (1) Upon approval of the director, and without notice
33 or warrant, take any of the following actions:

34 (A) Visit, investigate, and place expert accountants,
35 technicians, and any other persons, as it may deem
36 necessary, in all areas of the premises where controlled
37 gambling is conducted for the purpose of determining
38 compliance with the rules and regulations adopted
39 pursuant to this chapter.



1 (B) Visit, inspect, and examine all premises where
2 gambling equipment is manufactured, sold, or
3 distributed.

4 (C) Inspect all equipment and supplies in any
5 gambling establishment or in any premises where
6 gambling equipment is manufactured, sold, or
7 distributed.

8 (D) Summarily seize, remove, and impound, any
9 equipment, supplies, documents, or records from any
10 licensed premises for the purpose of examination and
11 inspection. However, upon demand by the licensee or the
12 licensee's authorized representative, a copy of all
13 documents and records seized shall be made and left on
14 the premises.

15 (E) Demand access to, and inspect, examine,
16 photocopy, and audit all papers, books, and records of an
17 owner licensee, on the gambling premises in the presence
18 of the licensee or his or her agent.

19 (2) Except as provided in paragraph (1), upon
20 obtaining an inspection warrant pursuant to Section
21 1822.60 of the Code of Civil Procedure, inspect and seize
22 for inspection, examination, or photocopying any
23 property possessed, controlled, bailed, or otherwise held
24 by an applicant, licensee, or any intermediary company
25 or holding company.

26 (3) Investigate, for purposes of prosecution, any
27 suspected criminal violation of this chapter. However,
28 nothing in this paragraph limits the powers conferred by
29 any other provision of law on agents of the division who
30 are peace officers.

31 (4) Do both of the following:

32 (A) Issue subpoenas to require the attendance and
33 testimony of witnesses and the production of books,
34 records, documents, and physical materials.

35 (B) Administer oaths, examine witnesses under oath,
36 take evidence, and take depositions and affidavits or
37 declarations. Notwithstanding Section 11189 of the
38 Government Code, the division, without leave of court,
39 may take the deposition of any applicant or any licensee.



1 Sections 11185 and 11191 of the Government Code do not
2 apply to a witness who is an applicant or a licensee.

3 (b) (1) Subdivision (a) shall not be construed to limit
4 warrantless inspections except as required by the
5 California or United States Constitutions.

6 (2) Subdivision (a) shall not be construed to prevent
7 entries and administrative inspections, including seizures
8 of property, without a warrant in the following
9 circumstances:

10 (A) With the consent of the owner, operator, or agent
11 in charge of the premises.

12 (B) In situations presenting imminent danger to
13 health and safety.

14 (C) In situations involving inspection of conveyances
15 where there is reasonable cause to believe that the
16 mobility of the conveyance makes it impractical to obtain
17 a warrant, or in any other exceptional or emergency
18 circumstance where time or opportunity to apply for a
19 warrant is lacking.

20 (D) In accordance with this chapter.

21 (E) In all other situations where a warrant is not
22 constitutionally required.

23 19827. (a) An investigation conducted by the
24 division pursuant to this chapter is an official proceeding
25 within the meaning of subdivision (b) of Section 47 of the
26 Civil Code.

27 (b) If any document or communication provided to
28 the division or commission contains any information that
29 is privileged pursuant to Division 8 (commencing with
30 Section 900) of the Evidence Code, or any other provision
31 of law, that privilege is not waived or lost because the
32 document or communication is disclosed to the division
33 or the commission or any of their agents or employees.

34 (c) The division, commission, and their agents and
35 employees shall not release or disclose any information,
36 documents, or communications provided by an applicant
37 or licensee that are privileged pursuant to Division 8
38 (commencing with Section 900) of the Evidence Code,
39 without the prior written consent of the applicant or
40 licensee, or pursuant to lawful court order after timely



1 notice of the proceeding has been given to the applicant
2 or licensee. An application to a court for an order
3 requiring the division or the commission to release any
4 information declared by law to be confidential shall be
5 made only upon motion made in writing with not less
6 than 10 business days' notice to the division or the
7 commission, and to all persons who may be affected by
8 the entry of the order.

9 19828. Every district attorney, and every state and
10 local law enforcement agency, shall furnish to the
11 division, on forms prepared by the division, all
12 information obtained during the course of any substantial
13 investigation or prosecution of any person, as determined
14 by the division, if it appears that a violation of any law
15 related to gambling has occurred, including any violation
16 of Chapter 9 (commencing with Section 319) or Chapter
17 10 (commencing with Section 330) of Title 9 of Part 1 of
18 the Penal Code.

19 19829. There is an investigative account within the
20 Gambling Control Fund.

21 All funds received for the purpose of paying expenses
22 incurred by the division for investigation of an
23 application for a license or approval under this chapter
24 shall be deposited in the account. Expenses may be
25 advanced from the investigative account to the division
26 by the director.

27

28 Article 3. Regulations

29

30 19830. (a) The commission may adopt regulations for
31 the administration and enforcement of this chapter. The
32 division may adopt regulations reasonably related to its
33 functions and duties as specified in this chapter. To the
34 extent appropriate, regulations of the commission and
35 division shall take into consideration the operational
36 differences of large and small establishments.

37 (b) Except as expressly provided in this chapter,
38 Chapter 3.5 (commencing with Section 11340) of Part 1
39 of Division 3 of the Government Code shall not apply to
40 any regulation adopted pursuant to this article. Failure to



1 comply with this article shall not affect the validity of any
2 regulation adopted by the commission or the division, or
3 any amendment or repeal of the regulation, if there has
4 been substantial compliance with this article.

5 19831. (a) In emergencies, the commission or the
6 division may summarily adopt, amend, or repeal any
7 regulation, if, at the time, the commission or the division
8 makes a finding that the action is necessary for the
9 immediate preservation of the public peace, health,
10 safety, morals, good order, or general welfare, together
11 with a statement of the facts constituting the emergency.

12 (b) Regulations adopted by the commission or the
13 division on or before September 1, 1996, for the purpose
14 of implementing this chapter, shall be deemed to be
15 emergency regulations and shall take effect immediately
16 upon adoption.

17 (1) No regulation that is deemed to be an emergency
18 regulation solely by operation of this subdivision shall be
19 valid after July 1, 1997, unless the regulation has been
20 subsequently adopted by the commission or division,
21 following a public hearing, in accordance with this article.

22 (2) Nothing in paragraph (1) shall be construed to
23 limit the power of the commission or division to adopt
24 emergency regulations pursuant to subdivision (a).

25 19832. Regulations, except emergency regulations,
26 adopted by the commission or the division pursuant to
27 this article, including orders of repeal, shall be effective
28 upon the filing of a certified copy thereof with the
29 Secretary of State.

30 19833. Except as provided in Section 19831, the
31 commission and the division shall adopt, amend, and
32 repeal regulations in accordance with the following
33 procedures:

34 (a) At least 45 calendar days prior to the hearing, if
35 any, and at the close of the public comment period on the
36 adoption, amendment, or repeal of a regulation, notice of
37 the proposed action shall be mailed to every person who
38 has filed a request for notice of regulatory actions with the
39 commission and may be mailed to any person or group of
40 persons who the commission or division believes to be



1 interested in the proposed action. The notice of proposed
2 adoption, amendment, or repeal of a regulation shall
3 include all of the following:

4 (1) A statement of the time, place, and nature of the
5 proceedings for adoption, amendment, or repeal of a
6 regulation.

7 (2) A reference to the particular code sections or
8 provisions of law that are being implemented,
9 interpreted, or made specific.

10 (3) An informative digest containing a concise and
11 clear summary of existing laws and regulations, if any,
12 related directly to the proposed action and the effect of
13 the proposed action.

14 (4) The name and telephone number of the employee
15 or officer to whom inquiries concerning the proposed
16 administrative action may be directed.

17 (5) The date by which comments submitted in writing
18 must be received to present statements, arguments, or
19 contentions in writing relating to the proposed action in
20 order for them to be considered by the commission or
21 division before it adopts, amends, or repeals a regulation.

22 (6) A statement indicating that the full text of the
23 proposed regulation is available from the employee or
24 officer designated in paragraph (4).

25 (b) If a public hearing is held, statements, arguments,
26 or contentions, either oral or in writing, or both, shall be
27 permitted. If a public hearing is not scheduled, the
28 commission, consistent with paragraph (5) of subdivision
29 (a), shall afford any interested person or his or her duly
30 authorized representative, the opportunity to present
31 statements, arguments, or contentions in writing. The
32 commission or division, as the case may be, shall consider
33 the comments of the controlled gambling industry, and
34 all other relevant matter presented to it before adopting,
35 amending, or repealing any regulation, including
36 emergency regulations. In any hearing held under this
37 subdivision, the commission or the division, as the case
38 may be, or the authorized representative of either, may
39 administer oaths or affirmations. The commission or
40 division, as the case may be, may continue or postpone a



1 hearing from time to time, to the time and place it
2 determines. However, if a hearing is continued or
3 postponed, the commission or division, as the case may
4 be, shall provide notice to the public advising when the
5 hearing will be resumed or rescheduled.

6 (c) A public hearing shall be held if, no later than 15
7 calendar days prior to the close of the written comment
8 period, a written request for a public hearing is filed with
9 the commission or the division. Notwithstanding the
10 foregoing, no public hearing shall be required if,
11 following submission of the written request, the
12 commission or the division determines that the proposed
13 regulation is of a technical or nonsubstantive nature and
14 that submission of written comments is sufficient.

15 (d) Any interested person may file a written petition
16 with the commission or division requesting the adoption,
17 amendment, or repeal of a regulation. The petition shall
18 state, clearly and concisely, all of the following:

19 (1) The substance or nature of the regulation,
20 amendment, or repeal requested.

21 (2) The reasons for the request.

22 (3) A reference to the authority of the commission or
23 division to take the action requested.

24 (e) Upon receipt of a petition described in subdivision
25 (d), the commission or division, as the case may be, within
26 30 days, shall deny the request in writing or schedule the
27 matter for action in accordance with subdivision (a).

28 19834. Regulations of the commission shall include all
29 of the following:

30 (a) Concerning applications, registrations,
31 investigations, and fees, including, but not limited to,
32 regulations as follows:

33 (1) Prescribing the method and form of the
34 application and registration.

35 (2) Prescribing the information to be furnished by any
36 applicant, licensee, or registrant concerning, as
37 appropriate, the person's personal history, habits,
38 character, associates, criminal record, business activities,
39 organizational structure, and financial affairs, past or
40 present.



1 (3) Prescribing the information to be furnished by an
2 owner licensee relating to the licensee's gambling
3 employees.

4 (4) Requiring fingerprinting or other methods of
5 identification of an applicant, licensee, or employee of a
6 licensee.

7 (5) Prescribing the manner and method of collection
8 and payment of fees and the issuance of licenses.

9 (b) Providing for the disapproval of game rules and
10 equipment determined by the commission to be
11 deceptive to the public or not in compliance with state
12 law.

13 (c) Governing the manufacture, sale, and distribution
14 of gambling equipment.

15 (d) Implementing the provisions of this chapter
16 relating to licensing.

17 (e) Requiring owner licensees to report and keep
18 records of significant transactions, as determined by the
19 commission, involving cash or credit.

20 (f) Providing for the receipt of protests and written
21 comments on an application by public agencies, public
22 officials, local governing bodies, or residents of the
23 location of the gambling establishment or future
24 gambling establishment.

25 (g) Providing for the disapproval of advertising by
26 licensed gambling establishments that is determined by
27 the commission to be deceptive to the public. Advertising
28 that appeals to children, promotes the theme of family
29 entertainment, or offers gambling as a means of
30 becoming wealthy, is presumptively deceptive.

31 (h) Governing all of the following:

32 (1) The extension of credit.

33 (2) The cashing, deposit, and redemption of checks or
34 other negotiable instruments.

35 (3) The verification of identification in monetary
36 transactions.

37 (i) Prescribing minimum procedures for adoption by
38 owner licensees to exercise effective control over their
39 internal fiscal and gambling affairs, which shall include,
40 but not be limited to, provisions for all of the following:



1 (1) The safeguarding of assets and revenues, including
2 the recording of cash and evidences of indebtedness.

3 (2) Prescribing the manner in which compensation
4 from games and gross revenue shall be computed and
5 reported by an owner licensee.

6 (3) The provision of reliable records, accounts, and
7 reports of transactions, operations, and events, including
8 reports to the division and the commission.

9 (j) Providing for the adoption and use of internal
10 audits, whether by qualified internal auditors or by
11 certified public accountants. As used in this subdivision,
12 “internal audit” means a type of control that operates
13 through the testing and evaluation of other controls and
14 that is also directed toward observing proper compliance
15 with the minimum standards of control prescribed in
16 subdivision (i).

17 (k) Requiring periodic financial reports from each
18 owner licensee.

19 (l) Specifying standard forms for reporting financial
20 conditions, results of operations, and other relevant
21 financial information.

22 (m) Formulating a uniform code of accounts and
23 accounting classifications to ensure consistency,
24 comparability, and effective disclosure of financial
25 information.

26 (n) Prescribing intervals at which the information in
27 subdivisions (k) to (m), inclusive, shall be furnished to
28 the commission.

29 (o) Requiring audits to be conducted in accordance
30 with generally accepted auditing standards, of the
31 financial statements of all owner licensees whose annual
32 gross revenues equal or exceed a specified sum. However,
33 nothing herein shall be construed to limit the
34 commission’s authority to require audits of any owner
35 licensee. Audits, compilations, and reviews provided for
36 in this subdivision shall be made by independent certified
37 public accountants licensed to practice in this state.

38 (p) Regulating any activity that is related to the
39 conduct of controlled gambling, consistent with the
40 purposes of this chapter.



1 19834.5. The commission shall not prohibit, on a
2 statewide basis, any controlled game that was lawfully
3 played in California prior to July 1, 1995. Nothing in this
4 section shall be construed to preclude the commission
5 from prohibiting, on a statewide basis, any game that is
6 made unlawful in this state by any law.

7 19835. (a) The commission shall, by regulation,
8 provide for the formulation of a list of persons who are to
9 be excluded or ejected from any gambling establishment.
10 The list may include any person whose presence in the
11 establishment is determined by the commission to pose
12 a threat to the interests of this state or to controlled
13 gambling, or both.

14 (b) In making the determination described in
15 subdivision (a), the commission may consider, but is not
16 limited to, any of the following:

17 (1) Prior conviction of a crime that is a felony in this
18 state or under the laws of the United States, a crime
19 involving moral turpitude, or a violation of the gambling
20 laws of this or any other state.

21 (2) The violation of, or conspiracy to violate, the
22 provisions of this chapter relating to the failure to disclose
23 an interest in a gambling establishment for which the
24 person is required to obtain a license, or the willful
25 evasion of fees.

26 (3) A notorious or unsavory reputation that would
27 adversely affect public confidence and trust that the
28 gambling industry is free from criminal or dishonest
29 elements.

30 (4) An order of exclusion or ejection from a racing
31 inclosure issued by the California Horse Racing Board.

32 (c) The commission shall distribute the list of persons
33 who are to be excluded or ejected from any gambling
34 establishment to all owner licensees and shall provide
35 notice to any persons included on the list.

36 (d) The commission shall adopt regulations
37 establishing procedures for hearing petitions by persons
38 who are ejected or excluded from licensed premises
39 pursuant to this section or pursuant to Section 19835.5.



1 (e) The commission may revoke, limit, condition, or
2 suspend the license of an owner, or fine an owner
3 licensee, if that licensee knowingly fails to exclude or
4 eject from the gambling establishment of that licensee
5 any person included on the list of persons to be excluded
6 or ejected.

7 19835.5. (a) A licensee may remove from his or her
8 licensed premises any person who, while on the premises:

9 (1) Is a disorderly person as defined by Section 647 of
10 the Penal Code.

11 (2) Interferes with a lawful gambling operation.

12 (3) Solicits or engages in any act of prostitution.

13 (4) Beggars, is boisterous, or is otherwise offensive to
14 other persons.

15 (5) Commits any public offense.

16 (6) Is intoxicated.

17 (7) Is a person who the commission, by regulation, has
18 determined should be excluded from licensed gambling
19 establishments in the public interest.

20 (b) Nothing in this section shall be deemed, expressly
21 or impliedly, to preclude a licensee from exercising the
22 right to deny access to or to remove any person from its
23 premises or property for any reason the licensee deems
24 appropriate.

25

26 Article 4. Licensing

27

28 19840. Every person who, either as owner, lessee, or
29 employee, whether for hire or not, either solely or in
30 conjunction with others, deals, operates, carries on,
31 conducts, maintains, or exposes for play any controlled
32 game in this state, or who receives, directly or indirectly,
33 any compensation or reward, or any percentage or share
34 of the money or property played, for keeping, running, or
35 carrying on any controlled game in this state, shall obtain,
36 and thereafter maintain, a valid state gambling license,
37 key employee license, or work permit, as specified in this
38 chapter. In any criminal prosecution for violation of this
39 section, the punishment shall be as provided in Section
40 337j of the Penal Code.



1 19840.5. (a) The owner of a gambling enterprise shall
2 apply for and obtain a state gambling license.

3 (b) Other persons who also obtain a state gambling
4 license, or key employee license, as required by this
5 chapter, shall not receive a separate license certificate,
6 but the license of every such person shall be endorsed on
7 the license that is issued to the owner of the gambling
8 enterprise.

9 19841. An owner of a gambling enterprise that is not
10 a natural person shall not be eligible for a state gambling
11 license unless each of the following persons individually
12 applies for and obtains a state gambling license:

13 (a) If the owner is a corporation, then each officer,
14 director, and shareholder, other than a holding or
15 intermediary company, of the owner.

16 (b) If the owner is a partnership, then every general
17 and limited partner of, and every trustee or person
18 having or acquiring a direct or beneficial interest in, that
19 partnership owner.

20 (c) If the owner is a trust, then the trustee, every
21 beneficiary, and, in the discretion of the commission, the
22 trustor of the trust.

23 (d) If the owner is a business organization other than
24 a corporation, partnership, or trust, then all those persons
25 as the commission may require, consistent with this
26 chapter.

27 (e) Each person who receives or is to receive any
28 percentage share of the revenue earned by the owner
29 from gambling activities.

30 (f) Every employee, agent, guardian, personal
31 representative, lender, or holder of indebtedness of the
32 owner who, in the judgment of the commission, has the
33 power to exercise a significant influence over the
34 gambling operation.

35 19842. The commission, by regulation or order, may
36 require that the following persons register with the
37 commission, apply for a finding of suitability, or apply for
38 a gambling license:

39 (a) Any person who furnishes any services or any
40 property to a gambling enterprise under any



1 arrangement whereby that person receives payments
2 based on earnings, profits, or receipts from controlled
3 gambling.

4 (b) Any person who owns an interest in the premises
5 of a licensed gambling establishment or in real property
6 used by a licensed gambling establishment.

7 (c) Any person who does business on the premises of
8 a licensed gambling establishment.

9 (d) Any person who is an independent agent of, or
10 does business with, a gambling enterprise as a ticket
11 purveyor, a tour operator, the operator of a bus program,
12 or the operator of any other type of travel program or
13 promotion operated with respect to a licensed gambling
14 establishment.

15 (e) Any person who provides any goods or services to
16 a gambling enterprise for compensation that the
17 commission finds to be grossly disproportionate to the
18 value of the goods or services provided.

19 19844. (a) Every key employee shall apply for and
20 obtain a key employee license.

21 (b) Licenses issued to key employees shall be for
22 specified positions only, and those positions shall be
23 enumerated in the endorsement described in subdivision
24 (b) of Section 19840.5.

25 (c) No person may be issued a key employee license
26 unless the person would qualify for a state gambling
27 license.

28 (d) No person is eligible to apply for a key employee
29 license unless the person is a resident of this state.

30 19845. (a) Any person who manufactures or
31 distributes, or proposes to manufacture or distribute, for
32 use within the territorial boundaries of this state, any
33 gambling equipment to be used in connection with
34 controlled gambling, shall apply for and obtain a
35 manufacturer's or distributor's license in accordance with
36 commission regulations.

37 (b) The commission, by regulation, shall provide for
38 the following:

39 (1) The inspection, testing, and approval of gambling
40 equipment to be used within the territorial boundaries of



1 this state in connection with controlled gambling by any
2 person applying for or holding a license pursuant to
3 subdivision (a).

4 (2) The inspection, testing, and approval of any
5 modification of any gambling equipment described in
6 paragraph (1).

7 (3) The advance deposit of fees to be used in the
8 testing and approval process. All of these fees shall be
9 deposited in the investigative account described in
10 Section 19829.

11 19846. Every person who, by statute or regulation, is
12 required to hold a state license shall obtain the license
13 prior to engaging in the activity or occupying the position
14 with respect to which the license is required. Every
15 person who, by order of the commission, is required to
16 apply for a gambling license or a finding of suitability shall
17 file the application within 30 calendar days after receipt
18 of the commission's order.

19 19847. (a) Any person who the commission
20 determines is qualified to receive a state license,
21 including a manufacturer's or distributor's license, having
22 due consideration for the proper protection of the health,
23 safety, and general welfare of the residents of the State of
24 California and the declared policy of this state, may be
25 issued a license. The burden of proving his or her
26 qualification to receive any license is on the applicant.

27 (b) An application to receive a license constitutes a
28 request for a determination of the applicant's general
29 character, integrity, and ability to participate in, engage
30 in, or be associated with, controlled gambling.

31 (c) In reviewing an application for any gambling
32 license, the commission shall consider whether issuance
33 of the license is inimical to the public health, safety, or
34 welfare, and whether issuance of the license will
35 undermine public trust that the gambling operations
36 with respect to which the license would be issued are free
37 from criminal and dishonest elements and would be
38 conducted honestly.

39 19848. No gambling license or manufacturer's or
40 distributor's license, shall be issued unless, based on all of



1 the information and documents submitted, the
2 commission is satisfied that the applicant is all of the
3 following:

4 (a) A person of good character, honesty, and integrity.

5 (b) A person whose prior activities, criminal record, if
6 any, reputation, habits, and associations do not pose a
7 threat to the public interest of this state, or to the effective
8 regulation and control of controlled gambling, or create
9 or enhance the dangers of unsuitable, unfair, or illegal
10 practices, methods, and activities in the conduct of
11 controlled gambling or in the carrying on of the business
12 and financial arrangements incidental thereto.

13 (c) A person that is in all other respects, qualified to be
14 licensed as provided in this chapter.

15 19849. A person shall be deemed unsuitable to hold a
16 state gambling license to own a gambling establishment
17 if the person, or any partner, officer, director, or
18 shareholder of the person has any financial interest in any
19 business or organization that is engaged in any form of
20 gambling prohibited by Section 330 of the Penal Code,
21 whether within or without this state.

22 19850. The commission shall deny a license to any
23 applicant who is disqualified for any of the following
24 reasons:

25 (a) Failure of the applicant to clearly establish
26 eligibility and qualification in accordance with this
27 chapter.

28 (b) Failure of the applicant to provide information,
29 documentation, and assurances required by this chapter
30 or requested by the director, or failure of the applicant to
31 reveal any fact material to qualification, or the supplying
32 of information that is untrue or misleading as to a material
33 fact pertaining to the qualification criteria.

34 (c) Conviction of the applicant for any crime
35 punishable as a felony.

36 (d) Conviction of the applicant for any crime
37 involving dishonesty or moral turpitude within the
38 10-year period immediately preceding the submission of
39 the application, unless the applicant has been granted



1 relief pursuant to Section 1203.4, 1203.4a, or 1203.45 of the
2 Penal Code.

3 (e) Association of the applicant with criminal
4 profiteering activity or organized crime, as defined by
5 Section 186.2 of the Penal Code.

6 (f) Contumacious defiance by the applicant of any
7 legislative investigatory body, or other official
8 investigatory body of any state or of the United States,
9 when that body is engaged in the investigation of crimes
10 relating to gambling; official corruption related to
11 gambling activities; or criminal profiteering activity or
12 organized crime, as defined by Section 186.2 of the Penal
13 Code.

14 (g) The applicant is less than 21 years of age.
15 19851. The commission shall deny a gambling license
16 with respect to any gambling establishment that is
17 located in a city, county, or city and county that does not
18 have an ordinance governing all of the following matters:

19 (a) The hours of operation of gambling
20 establishments.

21 (b) Patron security and safety in and around the
22 gambling establishments.

23 (c) The location of gambling establishments.

24 (d) Wagering limits in gambling establishments.

25 (e) The number of gambling tables in each gambling
26 establishment and in the jurisdiction.

27 19852. In addition to other grounds stated in this
28 chapter, the commission may deny a gambling license for
29 any of the following reasons:

30 (a) If issuance of the license with respect to the
31 proposed gambling establishment or expansion would
32 tend unduly to create law enforcement problems in a city,
33 county, or city and county other than the city, county, or
34 city and county that has regulatory jurisdiction over the
35 applicant's premises.

36 (b) If issuance of the license with respect to the
37 proposed gambling establishment or expansion would
38 create an undue concentration of gambling
39 establishments in the relevant market area, as
40 determined by the commission, and the applicant fails to



1 show that public convenience or necessity would be
2 served by issuance of the license.

3 (c) If issuance of the license is sought in respect to a
4 gambling establishment that is located near a school in
5 existence on January 1, 1996, building used primarily as a
6 place of worship, playground or other area of juvenile
7 congregation, hospital, convalescence facility, or near
8 another similarly unsuitable area, as determined by
9 regulation of the commission, which is located in a city,
10 county, or city and county other than the city, county, or
11 city and county that has regulatory jurisdiction over the
12 applicant's gambling premises.

13 (d) For purposes of this section, "expansion" means an
14 increase of 25 percent or more in the number of
15 authorized gambling tables in a gambling establishment,
16 based on the number of gambling tables for which a
17 license was initially issued pursuant to this chapter.

18 19853. (a) Application for a state license or other
19 commission action shall be made to the commission on
20 forms furnished by the commission.

21 (b) The application for a gambling license shall
22 include all of the following:

- 23 (1) The name of the proposed licensee.
- 24 (2) The name and location of the proposed gambling
25 establishment.
- 26 (3) The gambling games proposed to be conducted.
- 27 (4) The names of all persons directly or indirectly
28 interested in the business and the nature of the interest.
- 29 (5) A description of the proposed gambling
30 establishment and operation.
- 31 (6) Any other information and details the commission
32 may require in order to discharge its duty properly.

33 (c) The application for a manufacturer's or
34 distributor's license shall include information required by
35 regulations adopted by the commission.

36 19853.5. The division shall furnish to the applicant
37 supplemental forms, which the applicant shall complete
38 and file with the division. These supplemental forms shall
39 require, but shall not be limited to requiring, complete
40 information and details with respect to the applicant's



1 personal history, habits, character, criminal record,
2 business activities, financial affairs, and business
3 associates, covering at least a 10-year period immediately
4 preceding the date of filing of the application.

5 19854. An applicant for licensing or for any approval
6 or consent required by this chapter, shall make full and
7 true disclosure of all information to the division or
8 commission necessary to carry out the policies of this state
9 relating to licensing, registration, and control of
10 gambling.

11 19855. (a) An application for a license shall be
12 accompanied by the deposit of a sum of money which, in
13 the judgment of the director, will be adequate to pay the
14 anticipated costs and charges incurred in the
15 investigation and processing of the application. The
16 director shall adopt a schedule of costs and charges of
17 investigation for use as guidelines in fixing the amount of
18 any required deposit under this section.

19 (b) During an investigation, the director may require
20 an applicant to deposit any additional sums required by
21 the division to pay final costs and charges of the
22 investigation.

23 (c) Any money received from an applicant in excess of
24 the costs and charges incurred in the investigation or the
25 processing of the application shall be refunded pursuant
26 to regulations adopted by the division. At the conclusion
27 of the investigation, the director shall provide the
28 applicant a written accounting of the costs and charges so
29 incurred.

30 19856. (a) Within a reasonable time after the filing of
31 an application and any supplemental information the
32 division may require, and the deposit of any fee required
33 pursuant to Section 19855, the division shall commence its
34 investigation of the applicant and, for that purpose, may
35 conduct any proceedings it deems necessary. To the
36 extent practicable, all applications shall be acted upon
37 within 180 calendar days of submission of a completed
38 application. If an investigation has not been concluded
39 within 180 calendar days after submission of a completed
40 application, the division shall inform the applicant in



1 writing of the status of the investigation and shall provide
2 the applicant with an estimated date on which the
3 investigation may reasonably be expected to be
4 concluded.

5 (b) If denial of the application is recommended, the
6 director shall prepare and file with the commission his or
7 her written reasons upon which the recommendation is
8 based.

9 (1) Prior to filing his or her recommendation with the
10 commission, the director shall meet with the applicant, or
11 the applicant's duly authorized representative, and
12 inform him or her generally of the basis for any proposed
13 recommendation that the application be denied,
14 restricted, or conditioned.

15 (2) Not less than 10 business days prior to the
16 commission meeting at which the application is to be
17 considered, the division shall deliver to the applicant a
18 summary of the director's final report and
19 recommendation.

20 (3) Nothing herein shall require the division to divulge
21 to the applicant any confidential information received
22 from any law enforcement agency, or any information
23 received from any person with assurances that the
24 information would be maintained confidential, and
25 nothing herein shall require the division to divulge any
26 information that might reveal the identity of any
27 informer or jeopardize the safety of any person.

28 (c) A recommendation of denial of an application shall
29 be without prejudice to a new and different application
30 filed in accordance with applicable regulations.

31 19857. A request for withdrawal of any application
32 may be made at any time, prior to final action upon the
33 application by the division, by the filing of a written
34 request to withdraw with the commission. For purposes
35 of this section, final action by the division means a final
36 determination by the director regarding his or her
37 recommendation on the application to the commission.
38 The commission shall not grant the request unless the
39 applicant has established that withdrawal of the
40 application would be consistent with the public interest



1 and the policies of the chapter. If a request for withdrawal
2 is denied, the division may go forward with its
3 investigation and make a recommendation to the
4 commission upon the application, and the commission
5 may act upon the application as if no request for
6 withdrawal had been made. If a request for withdrawal
7 is granted with prejudice, the applicant thereafter shall
8 be ineligible to renew its application until the expiration
9 of one year from the date of the withdrawal. Unless the
10 commission shall otherwise direct, no fee or other
11 payment relating to any application is refundable by
12 reason of withdrawal of an application.

13 19858. (a) The commission, after considering the
14 recommendation of the director and such other
15 testimony and written comments as may be presented at
16 the meeting, or as may have been submitted in writing to
17 the commission prior to the meeting, may either deny the
18 application or grant a license to an applicant who it
19 determines to be qualified to hold the license.

20 (b) When the commission grants an application for a
21 license or approval, the commission may limit or place
22 restrictions thereon as it may deem necessary in the
23 public interest, consistent with the policies described in
24 this chapter.

25 (c) When an application is denied, the executive
26 secretary shall prepare and file a detailed statement of
27 the commission's reasons for the denial.

28 (d) All proceedings at a meeting of the commission
29 relating to an application for a license shall be recorded
30 stenographically or on audiotape.

31 (e) In any judicial proceeding to review the decision
32 of the commission denying a license or approval, or
33 imposing conditions or restrictions on a license or
34 approval, the court may grant the petition if the court
35 finds that the action of the commission was arbitrary and
36 capricious, or that the action exceeded the commission's
37 jurisdiction.

38 19858.5. (a) The meeting described in subdivision
39 (a) of Section 19858 shall be conducted in accordance
40 with regulations of the commission and as follows:



1 (1) Oral evidence shall be taken only upon oath or
2 affirmation.

3 (2) Each party shall have these rights:

4 (A) To call and examine witnesses.

5 (B) To introduce exhibits relevant to the issues of the
6 case.

7 (C) To cross-examine opposing witnesses on any
8 matters relevant to the issues, even though the matter
9 was not covered on direct examinations.

10 (D) To impeach any witness, regardless of which party
11 first called the witness to testify.

12 (E) To offer rebuttal evidence.

13 (3) If the applicant does not testify in his or her own
14 behalf, he or she may be called and examined as if under
15 cross-examination.

16 (4) The meeting need not be conducted according to
17 technical rules relating to evidence and witnesses. Any
18 relevant evidence may be considered, and is sufficient in
19 itself to support a finding, if it is the sort of evidence on
20 which responsible persons are accustomed to rely in the
21 conduct of serious affairs, regardless of the existence of
22 any common law or statutory rule that might make
23 improper the admission of that evidence over objection
24 in a civil action.

25 (b) Nothing herein shall be construed to confer upon
26 an applicant a right to discovery of the division's
27 investigative reports or to require disclosure of any
28 document or information the disclosure of which is
29 otherwise prohibited by any other provision of this
30 chapter.

31 19858.7. (a) No member of the commission may
32 communicate ex parte, directly or indirectly, with any
33 applicant, or any agent, representative, or person acting
34 on behalf of an applicant, upon the merits of an
35 application for a license, permit, registration, or approval
36 while the application is pending disposition before the
37 division or the commission.

38 (b) No applicant, or any agent, representative, or
39 person acting on behalf of an applicant, and no person
40 who has a direct or indirect interest in the outcome of a



1 proceeding to consider an application for a license,
2 permit, registration, or approval may communicate ex
3 parte, directly or indirectly, with any member of the
4 commission, upon the merits of the application while the
5 application is pending disposition before the commission.

6 (c) The receipt by a member of the commission of an
7 ex parte communication prohibited by this section may
8 provide the basis for disqualification of that member or
9 the denial of the application. The commission shall adopt
10 regulations to implement this section.

11 (d) For the purposes of this section, “ex parte” means
12 a communication without notice and opportunity for all
13 parties to participate in the communication.

14 19859. No license may be assigned or transferred
15 either in whole or in part.

16 19860. Subject to subdivision (b) of Section 19840.5,
17 the commission shall issue and deliver to the applicant a
18 license entitling the applicant to engage in the activity for
19 which the license was issued, together with an
20 enumeration of any specific terms and conditions of the
21 license if both of the following conditions have been met:

22 (a) The commission is satisfied that the applicant is
23 eligible and qualified to receive the license.

24 (b) All license fees required by law and regulations of
25 the commission have been paid.

26 19861. An owner’s gambling license shall be posted at
27 all times in a conspicuous place in the area where
28 gambling is conducted in the establishment for which the
29 license is issued until it is replaced by a succeeding
30 license.

31 19862. (a) Subject to the power of the commission to
32 deny, revoke, suspend, condition, or limit any licenses, a
33 license shall be renewed annually from the date of
34 issuance, upon proper application for renewal and
35 payment of state license fees as required by statute or
36 regulation.

37 (b) An application for renewal of a gambling license
38 shall be filed by the owner licensee with the commission
39 no later than 120 calendar days prior to the expiration of
40 the current license, and all license fees shall be paid to the



1 commission on or before the expiration of the current
2 license. The commission shall act upon any application for
3 renewal prior to the date of expiration of the current
4 license. Upon renewal of any owner license, the
5 commission shall issue an appropriate renewal certificate
6 or validating device or sticker.

7 (c) Unless the commission determines otherwise,
8 renewal of an owner's gambling license shall be deemed
9 to effectuate the renewal of every other gambling license
10 endorsed thereon.

11 (d) In addition to the penalties provided by law, any
12 owner licensee who deals, operates, carries on, conducts,
13 maintains, or exposes for play any gambling game after
14 the expiration date of the gambling license is liable to the
15 state for all license fees and penalties that would have
16 been due upon renewal.

17 (e) If an owner licensee fails to renew the gambling
18 license as provided in this chapter, the commission may
19 order the immediate closure of the premises and a
20 cessation of all gambling activity therein until the license
21 is renewed.

22 19862.5. Failure of an owner licensee to file an
23 application for renewal before the date specified in this
24 chapter may be deemed a surrender of the license. A
25 license has not been renewed within the meaning of this
26 section until all required renewal fees have been paid.

27 19863. (a) Neither an owner licensee, nor a
28 California affiliate of an owner licensee, shall enter into,
29 without prior approval of the commission, any contract or
30 agreement with a person who is denied a license or whose
31 license is suspended or revoked by the commission, or
32 with any business enterprise under the control of that
33 person, after the date of receipt of notice of the action by
34 the division.

35 (b) An owner licensee or an affiliate of the owner
36 licensee shall not employ, without prior approval of the
37 commission, any person in any capacity for which he or
38 she is required to be licensed, if the person has been
39 denied a license, or if his or her license has been



1 suspended or revoked by the commission after the date
2 of receipt of notice of the action by the division.

3 (c) (1) If an employee who is required to be licensed
4 pursuant to this chapter fails to apply for a license within
5 the time specified by regulation, is denied a license, or has
6 his or her license revoked by the commission, the
7 employee shall be terminated in any capacity in which he
8 or she is required to be licensed and shall not be
9 permitted to exercise a significant influence over the
10 gambling operation, or any part thereof, upon being
11 notified of that action.

12 (2) If an employee who is required to be licensed
13 pursuant to this chapter has his or her license suspended,
14 the employee shall be suspended in any capacity in which
15 he or she is required to be licensed and shall not be
16 permitted to exercise a significant influence over the
17 gambling operation, or any part thereof, during the
18 period of suspension, upon being notified of that action.

19 (3) If the owner licensee designates another employee
20 to replace the employee whose employment was
21 terminated, the owner licensee shall promptly notify the
22 commission and shall require the newly designated
23 employee to apply for a license.

24 (d) An owner licensee or an affiliate of the owner
25 licensee shall not pay to a person whose employment has
26 been terminated pursuant to subdivision (c) any
27 remuneration for any service performed in any capacity
28 in which the person is required to be licensed except for
29 amounts due for services rendered before the date of
30 receipt of notice of the action by the division. Neither an
31 owner licensee, nor an affiliate thereof, during the period
32 of suspension, shall pay to a person, whose employment
33 has been suspended pursuant to subdivision (c), any
34 remuneration for any service performed in any capacity
35 in which the person is required to be licensed, except for
36 amounts due for services rendered before the date of
37 receipt of notice of the action by the division.

38 (e) Except as provided in subdivision (c), a contract or
39 agreement for the provision of services or property to an
40 owner licensee or an affiliate thereof, or for the conduct



1 of any activity at a gambling establishment, which is to be
2 performed by a person required by this chapter or by the
3 commission to be licensed, shall be terminated upon a
4 suspension or revocation of the person's license.

5 (f) In any case in which a contract or agreement for
6 the provision of services or property to an owner licensee
7 or an affiliate thereof, or for the conduct of any activity
8 at a gambling establishment, is to be performed by a
9 person required by this chapter or by the commission to
10 be licensed, the contract shall be deemed to include a
11 provision for its termination without liability on the part
12 of the owner licensee or its duly registered holding
13 company upon a suspension or revocation of the person's
14 license. In any action brought by the division to terminate
15 a contract pursuant to subdivision (c) or (e), it shall not
16 be a defense that the agreement does not expressly
17 include the provision described in this subdivision, and
18 the lack of express inclusion of the provision in the
19 agreement shall not be a basis for enforcement of the
20 contract by a party thereto.

21 19864. With regard to a person who has had his or her
22 application for a license denied by the commission, all of
23 the following shall apply:

24 (a) Except as provided in subdivision (c), the person
25 shall not be entitled to profit from his or her investment
26 in any business entity that has applied for or been granted
27 a state license.

28 (b) The person shall not retain his or her interest in a
29 business entity described in subdivision (a) beyond that
30 period prescribed by the commission.

31 (c) The person shall not accept more for his or her
32 interest in a business entity described in subdivision (a)
33 than he or she paid for it, or the market value on the date
34 of the denial of the license or registration, whichever is
35 higher.

36 (d) Nothing in this section shall be construed as a
37 restriction or limitation on the powers of the commission
38 specified in this chapter.

39



Article 5. Licensing of Corporations

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40

19870. In addition to the requirements of Section 19841, in order to be eligible to receive a gambling license as the owner of a gambling enterprise, a corporation shall comply with all of the following requirements:

(a) Be incorporated in this state, although the corporation may be a wholly or partly owned subsidiary of a corporation that is chartered in another state of the United States.

(b) Maintain an office of the corporation in the gambling establishment.

(c) Comply with all of the requirements of the laws of this state pertaining to corporations.

(d) Maintain, in the corporation’s principal office in California or in the gambling establishment, a ledger that meets both of the following conditions:

- (1) At all times reflects the ownership of every class of security issued by the corporation.
- (2) Is available for inspection by the division at all reasonable times without notice.

(e) Register as a corporation with the commission and supply the following supplemental information to the division:

- (1) The organization, financial structure, and nature of the business to be operated, including the names, personal and criminal history and fingerprints of all officers, directors, and key employees, and the names, addresses, and number of shares held by all stockholders.
- (2) The rights and privileges acquired by the holders of different classes of authorized securities, including debentures.
- (3) The terms on which securities are to be offered.
- (4) The terms and conditions on all outstanding loans, mortgages, trust deeds, pledges, or any other indebtedness or security device.
- (5) The extent of the equity security holdings in the corporation of all officers, directors, and underwriters, and their remuneration as compensation for services, in the form of salary, wages, fees, or otherwise.



1 (6) The amount of remuneration to persons other than
2 directors and officers in excess of fifty thousand dollars
3 (\$50,000) per annum.

4 (7) Bonus and profit-sharing arrangements.

5 (8) Management and service contracts.

6 (9) Options existing, or to be created, in respect of
7 their securities or other interests.

8 (10) Financial statements for at least the three fiscal
9 years preceding the year of registration, or, if the
10 corporation has not been in existence for a period of three
11 years, financial statements from the date of its formation.
12 All financial statements shall be prepared in accordance
13 with generally accepted accounting principles and
14 audited by a licensee of the State Board of Accountancy.

15 (11) Any further financial data that the division deems
16 necessary or appropriate for the protection of the state.

17 (12) An annual profit-and-loss statement and an
18 annual balance sheet, and a copy of its annual federal
19 income tax return, within 30 calendar days after that
20 return is filed with the Internal Revenue Service.

21 19871. (a) No corporation is eligible to receive a
22 license to own a gambling enterprise unless the conduct
23 of controlled gambling is among the purposes stated in its
24 articles of incorporation.

25 (b) The Secretary of State shall not accept for filing
26 any articles of incorporation of any corporation that
27 include as a stated purpose the conduct of controlled
28 gambling, or any amendment thereto, or any
29 amendment that adds this purpose to articles of
30 incorporation already filed, unless the articles have, or
31 amendment has, been approved by the commission.

32 19872. (a) If at any time the commission denies a
33 license to an individual owner of any security issued by a
34 corporation that applies for or holds an owner license, the
35 owner of the security shall immediately offer the security
36 to the issuing corporation for purchase. The corporation
37 shall purchase the security so offered, for cash in an
38 amount not greater than fair market value, within 30
39 calendar days after the date of the offer.



1 (b) Beginning upon the date when the commission
2 serves notice of the denial upon the corporation, it is
3 unlawful for the denied security owner to do any of the
4 following:

5 (1) Receive any dividend or interest upon any security
6 described in subdivision (a).

7 (2) Exercise, directly or through any trustee or
8 nominee, any voting right conferred by any security
9 described in subdivision (a).

10 (3) Receive any remuneration in any form from the
11 corporation for services rendered or for any other
12 purpose.

13 (c) Every security issued by a corporate owner
14 licensee shall bear a statement, on both sides of the
15 certificate evidencing the security, of the restrictions
16 imposed by this section.

17 19873. (a) To the extent required by this chapter,
18 officers and directors, shareholders, lenders, holders of
19 evidence of indebtedness, underwriters, agents, or
20 employees of a corporate owner licensee shall be licensed
21 individually. The corporation shall require these persons
22 to apply for a gambling license, and shall notify the
23 division of every change of corporate officers, directors,
24 or key employees within 10 business days after the
25 change. An officer, director, or key employee who is
26 required to apply for a license shall apply for the license
27 within 30 calendar days after he or she becomes an officer,
28 director, or key employee.

29 (b) The corporation shall immediately remove any
30 officer or director required to apply for a license from any
31 office or directorship if any of the following apply to that
32 officer or director:

33 (1) He or she fails to apply for the license within 30
34 calendar days after becoming an officer or director.

35 (2) He or she is denied a license by the commission.

36 (3) His or her license is revoked after appropriate
37 findings by the commission.

38 (c) If the commission suspends the license of any
39 officer or director, the corporation shall, immediately and



1 for the duration of the suspension, suspend that officer or
2 director.

3 (d) If any shareholder who is required to apply for a
4 gambling license fails to apply for the license within the
5 time required, the shareholder shall be deemed to have
6 been denied a license for purposes of subdivision (b) of
7 Section 19872.

8 (e) If any person, other than an officer, director, or
9 shareholder, who is required to apply for a gambling
10 license fails to do so, the failure may be deemed to be a
11 failure of the corporate owner licensee to require the
12 application.

13
14 Article 6. Licensing of Limited Partnerships

15
16 19880. In addition to the requirements of Section
17 19841, in order to be eligible to receive a gambling license
18 to own a gambling enterprise, a limited partnership shall
19 comply with all of the following requirements:

20 (a) Be formed under the laws of this state.

21 (b) Maintain an office of the limited partnership in the
22 gambling establishment.

23 (c) Comply with all of the requirements of the laws of
24 this state pertaining to limited partnerships.

25 (d) Maintain a ledger in the principal office of the
26 limited partnership in California that shall meet both of
27 the following conditions:

28 (1) At all times reflects the ownership of all interests
29 in the limited partnership.

30 (2) Be available for inspection by the division at all
31 reasonable times without notice.

32 (e) Register with the division and supply the following
33 supplemental information to the division:

34 (1) The organization, financial structure, and nature
35 of the business to be operated, including the names,
36 personal history and fingerprints of all general partners
37 and key employees, and the name, address, and interest
38 of each limited partner.

1 (2) The rights, privileges, and relative priorities of
2 limited partners as to the return of contributions to
3 capital, and the right to receive income.

4 (3) The terms on which limited partnership interests
5 are to be offered.

6 (4) The terms and conditions on all outstanding loans,
7 mortgages, trust deeds, pledges, or any other
8 indebtedness or security device.

9 (5) The extent of the holding in the limited
10 partnership of all underwriters, and their remuneration
11 as compensation for services, in the form of salary, wages,
12 fees, or otherwise.

13 (6) The remuneration to persons other than general
14 partners in excess of fifty thousand dollars (\$50,000) per
15 annum.

16 (7) Bonus and profit-sharing arrangements.

17 (8) Management and service contracts.

18 (9) Options existing or to be created.

19 (10) Financial statements for at least the three fiscal
20 years preceding the year of registration, or, if the limited
21 partnership has not been in existence for a period of three
22 years, financial statements from the date of its formation.
23 All financial statements shall be prepared in accordance
24 with generally accepted accounting principles and
25 audited by a licensee of the State Board of Accountancy
26 in accordance with generally accepted auditing
27 standards.

28 (11) Any further financial data that the division deems
29 necessary or appropriate for the protection of the state.

30 (12) An annual profit-and-loss statement and an
31 annual balance sheet, and a copy of its annual federal
32 income tax return, within 30 calendar days after such
33 return is filed with the Internal Revenue Service.

34 19881. No limited partnership is eligible to receive a
35 license to own a gambling enterprise unless the conduct
36 of gambling is among the purposes stated in the
37 certificate of limited partnership.

38 19882. (a) The purported sale, assignment, transfer,
39 pledge, or other disposition of any interest in a limited
40 partnership that holds a gambling license, or the granting



1 of an option to purchase the interest, is void unless
2 approved in advance by the commission.

3 (b) If at any time the commission denies a license to an
4 individual owner of any interest described in subdivision
5 (a), the commission shall immediately notify the
6 partnership of that fact. The limited partnership, within
7 30 calendar days from the date it receives the notice from
8 the commission, shall return to the denied owner of the
9 interest, in cash, the amount of his or her capital account
10 as reflected on the books of the partnership.

11 (c) Beginning upon the date when the commission
12 serves a notice of denial upon the limited partnership, it
13 is unlawful for the denied owner of the interest to do any
14 of the following:

15 (1) Receive any share of the revenue or interest upon
16 the limited partnership interest.

17 (2) Exercise, directly or through any trustee or
18 nominee, any voting right conferred by that interest.

19 (3) Receive any remuneration in any form from the
20 limited partnership, for services rendered or for any
21 other purpose.

22 (d) Every certificate of limited partnership of any
23 limited partnership holding a gambling license shall
24 contain a statement of the restrictions imposed by this
25 section.

26 19883. To the extent required by this chapter, general
27 partners, limited partners, lenders, holders of evidence of
28 indebtedness, underwriters, agents, or employees of a
29 limited partnership that holds or applies for a license to
30 own a gambling enterprise shall be licensed individually.
31 The limited partnership shall require these persons to
32 apply for and obtain a gambling license. A person who is
33 required to be licensed by this section as a general or
34 limited partner shall not hold that position until he or she
35 secures the required approval of the commission. A
36 person who is required to be licensed pursuant to a
37 decision of the commission shall apply for a license within
38 30 days after the commission requests him or her to do so.

39



Article 7. Restrictions on Certain Transactions

19900. (a) Except as may be provided by regulation of the commission, the following security interests shall not be enforced without the prior approval of the commission and compliance with the regulations adopted by the commission pursuant to subdivision (b):

(1) In a security issued by a corporation that is a holder of a gambling license in this state.

(2) In a security issued by a partnership that is a holder of a gambling license in this state.

(b) The commission shall adopt regulations establishing the procedure for the enforcement of a security interest. Any remedy provided by the commission in its regulations for the enforcement of the security interest is in addition to any other remedy provided by law.

19901. It is unlawful for any person to sell, purchase, lease, hypothecate, borrow or loan money, or create a voting trust agreement or any other agreement of any sort to, or with, any licensee in connection with any controlled gambling operation licensed under this chapter or with respect to any portion of the gambling operation, except in accordance with the regulations of the commission.

19902. When any person contracts to sell or lease any property or interest in property, real or personal, under circumstances that require the approval or licensing of the purchaser or lessee by the commission, pursuant to subdivisions (a) to (e), inclusive, of Section 19842, the contract shall not specify a closing date for the transaction that is earlier than the expiration of 90 calendar days after the submission of the completed application for approval for licensing. Any provision of a contract that specifies an earlier closing date is void for all purposes, but the invalidity does not affect the validity of any other provision of the contract.

19903. When any person contracts to sell or lease any property or interest in property, real or personal, under circumstances that require the approval or licensing of



1 the purchaser or lessee by the commission, pursuant to
2 subdivisions (a) to (e), inclusive, of Section 19842, the
3 contract shall contain a provision satisfactory to the
4 commission regarding responsibility for the payment of
5 any fees due pursuant to any subsequent deficiency
6 determinations made under this chapter that shall
7 encompass any period of time before the closing date of
8 the transaction.

9 19904. The purported sale, assignment, transfer,
10 pledge, or other disposition of any security issued by a
11 corporation that holds a gambling license, or the granting
12 of an option to purchase that security, is void unless
13 approved in advance by the commission.

14 19905. Every owner licensee that is involved in a
15 transaction for the extension or redemption of credit by
16 the licensee, or for the payment, receipt, or transfer of
17 coin, currency, or other monetary instruments, as
18 specified by the commission, in an amount,
19 denomination, or amount and denomination, or under
20 circumstances prescribed by regulations of the
21 commission, and any other participant in the transaction,
22 as specified by the commission, shall, if required by
23 commission regulation, make and retain a record of, or
24 file with the division a report on, the transaction, at the
25 time and in the manner prescribed by regulations of the
26 commission.

27

28 Article 8. Work Permits

29

30 19910. The Legislature finds that to protect and
31 promote the health, safety, good order, and general
32 welfare of the inhabitants of this state, and to carry out the
33 policy declared by this chapter, it is necessary that the
34 commission ascertain and keep itself informed of the
35 identity, prior activities, and present location of all
36 gambling enterprise employees and independent agents
37 in the State of California, and when appropriate to do so,
38 approve persons for employment in gambling
39 establishments as provided in this article.

1 19910.5. (a) (1) A person shall not be employed as a
2 gambling enterprise employee, or serve as an
3 independent agent, except as provided in paragraph (2),
4 unless he or she is the holder of one of the following:

5 (A) A valid work permit issued in accordance with the
6 applicable ordinance or regulations of the city, county, or
7 city and county in which his or her duties are performed.

8 (B) A work permit issued by the commission.

9 (2) An independent agent is not required to hold a
10 work permit if he or she is not a resident of this state and
11 has registered with the commission in accordance with
12 regulations adopted by the commission.

13 (b) A work permit shall not be issued by any city,
14 county, or city and county to any person who would be
15 disqualified from holding a state gambling license for the
16 reasons stated in subdivisions (c) to (f), inclusive, of
17 Section 19850.

18 (c) The division may object to the issuance of a work
19 permit by a city, county, or city and county for any cause
20 deemed reasonable by the division. If the division objects
21 to the issuance of a work permit, the work permit shall be
22 denied.

23 (1) The commission shall adopt regulations specifying
24 particular grounds for objection to issuance of, or refusal
25 to issue, a work permit.

26 (2) The ordinance of any city, county, or city and
27 county relating to the issuance of work permits shall
28 permit the division to object to the issuance of any permit.

29 (3) Any person whose application for a work permit
30 has been denied because of an objection by the division
31 may apply to the commission for an evidentiary hearing
32 in accordance with regulations.

33 (d) Application for a work permit for use in any
34 jurisdiction where a locally issued work permit is not
35 required by the licensing authority of the city, county, or
36 city and county, shall be made to the commission, and
37 may be granted or denied for any cause deemed
38 reasonable by the commission. If the commission denies
39 the application, it shall include in its notice of the denial



1 a statement of facts upon which it relied in denying the
2 application.

3 (e) An order of the commission denying an application
4 for a work permit, including an order declining to issue
5 a work permit following review pursuant to paragraph
6 (3) of subdivision (c), may be reviewed in accordance
7 with subdivision (e) of Section 19858.

8 19911. (a) The commission may issue an order
9 summarily suspending a person's work permit, whether
10 issued by a city, county, or city and county, or by the
11 commission, upon a finding that the suspension is
12 necessary for the immediate preservation of the public
13 peace, health, safety, or general welfare. The order is
14 effective when served upon the holder of the permit.

15 (b) The order of summary suspension shall state facts
16 upon which the finding of necessity for the suspension is
17 based. For purposes of this section, the order of summary
18 suspension shall be deemed an accusation.

19 (c) An order of summary suspension shall be signed by
20 at least three members of the commission.

21 (d) The person whose work permit is summarily
22 suspended has a right to a hearing to commence not more
23 than 30 calendar days from the date of service of the
24 suspension.

25 19912. (a) The commission may revoke a work
26 permit or, if issued by the licensing authority of a city,
27 county, or city and county, notify the authority to revoke
28 it, and the licensing authority upon notification shall
29 revoke it, if the commission finds, after a hearing, that a
30 gambling enterprise employee or independent agent has
31 failed to disclose, misstated, or otherwise misled the
32 division or commission with respect to any fact contained
33 within any application for a work permit, or if the
34 commission finds, subsequent to being issued a work
35 permit, that the employee or independent agent has
36 done any of the following:

37 (1) Committed, attempted, or conspired to do any acts
38 prohibited by this chapter.

39 (2) Engaged in any dishonest, fraudulent, or unfairly
40 deceptive activities in connection with controlled



1 gambling or knowingly possessed or permitted to remain
2 in or upon any premises any cards, dice, mechanical
3 devices, or any other cheating device.

4 (3) Concealed or refused to disclose any material fact
5 in any investigation by the division.

6 (4) Committed, attempted, or conspired to commit,
7 any embezzlement or larceny against a gambling licensee
8 or upon the premises of a gambling establishment.

9 (5) Been convicted in any jurisdiction of any offense
10 involving or relating to gambling.

11 (6) Accepted employment without prior commission
12 approval in a position for which he or she could be
13 required to be licensed under this chapter after having
14 been denied a license or after failing to apply for licensing
15 when requested to do so by the commission.

16 (7) Been refused the issuance of any license, permit, or
17 approval to engage in or be involved with gambling or
18 parimutuel wagering in any jurisdiction, or had the
19 license, permit, or approval revoked or suspended.

20 (8) Been prohibited under color of governmental
21 authority from being present upon the premises of any
22 licensed gambling establishment or any establishment
23 where parimutuel wagering is conducted for any reason
24 relating to improper gambling activities or any illegal act.

25 (9) Been convicted of any felony.

26 (b) The commission shall revoke a work permit if the
27 commission finds, after hearing, that the holder thereof
28 would be disqualified from holding a state gambling
29 license for the reasons specified in subdivision (e) or (f)
30 of Section 19850.

31 (c) Nothing in this section shall be construed to limit
32 any powers of the commission respecting licensing.

33 19913. The fee for a work permit issued by the
34 commission shall be not less than twenty-five dollars
35 (\$25) or more than two hundred fifty dollars (\$250).

36

37 Article 9. Conditions of Operation

38

39 19915. It is the policy of the State of California to
40 require that all establishments wherein controlled



1 gambling is conducted in this state be operated in a
2 manner suitable to protect the public health, safety, and
3 general welfare of the residents of the state.
4 Responsibility for the employment and maintenance of
5 suitable methods of operation rests with the owner
6 licensee, and willful or persistent use or toleration of
7 methods of operation deemed unsuitable by the
8 commission or by local government shall constitute
9 grounds for license revocation or other disciplinary
10 action.

11 19915.5. No person under the age of 18 years shall be
12 permitted to enter upon the premises of a licensed
13 gambling establishment, or any part thereof, except the
14 following:

15 (a) An area, separated from any gambling area, for the
16 exclusive purpose of dining. For purposes of this
17 subdivision, any place wherein food or beverages are
18 dispensed by one or more vending machines shall not
19 constitute a place for dining.

20 (b) Restrooms.

21 (c) A supervised room, as defined by regulation of the
22 commission, that is separated from any gambling area and
23 used exclusively for the purpose of entertainment or
24 recreation.

25 19916. No owner licensee shall operate a gambling
26 enterprise in violation of any provision of this chapter or
27 any regulation of the commission adopted pursuant to
28 this chapter.

29 19917. No owner licensee shall operate a gambling
30 enterprise in violation of any governing local ordinance.

31 19918. Each owner licensee shall maintain security
32 controls over the gambling premises and all operations
33 therein related to gambling, and those security controls
34 are subject to the approval of the commission.

35

36 Article 10. Disciplinary Actions

37

38 19920. (a) The division shall make appropriate
39 investigations as follows:



1 (1) Determine whether there has been any violation
2 of this chapter or any regulations adopted thereunder.

3 (2) Determine any facts, conditions, practices, or
4 matters that it may deem necessary or proper to aid in the
5 enforcement of this chapter or any regulation adopted
6 thereunder.

7 (3) To aid in adopting regulations.

8 (4) To secure information as a basis for recommending
9 legislation relating to this chapter.

10 (5) As requested by the commission.

11 (b) If, after any investigation, the division is satisfied
12 that a license, permit, finding of suitability, or approval of
13 the commission should be suspended or revoked, it shall
14 initiate a hearing before the commission, and the matter
15 shall thereafter proceed in accordance with the
16 procedures specified in Chapter 5 (commencing with
17 Section 11500) of Part 1 of Division 3 of Title 2 of the
18 Government Code.

19 (c) In addition to any action that the commission may
20 take against a license, permit, finding of suitability, or
21 approval, the commission may also require the payment
22 of fines or penalties. However, no fine imposed by the
23 commission shall exceed twenty thousand dollars
24 (\$20,000) for each separate violation of any provision of
25 this chapter or any regulation adopted thereunder.

26 19920.5. The commission may suspend or revoke a
27 license, permit, or finding of suitability, or may impose a
28 fine, on any ground that would constitute grounds for
29 denial of a license under Section 19850, or for any
30 violation of this chapter or any regulation adopted
31 pursuant to this chapter.

32 19921. (a) The commission may issue any emergency
33 orders against an owner licensee or any person involved
34 in a transaction requiring prior approval that the
35 commission deems reasonably necessary for the
36 immediate preservation of the public peace, health,
37 safety, or general welfare.

38 (b) The emergency order shall set forth the grounds
39 upon which it is based, including a statement of facts



1 constituting the alleged emergency necessitating the
2 action.

3 (c) The emergency order is effective immediately
4 upon issuance and service upon the owner licensee or any
5 agent of the licensee registered with the commission for
6 receipt of service, or, in cases involving prior approval,
7 upon issuance and service upon the person or entity
8 involved, or upon an agent of that person or entity
9 authorized to accept service of process in this state. The
10 emergency order may suspend, limit, condition, or take
11 other action in relation to the license of one or more
12 persons in an operation without affecting other individual
13 licensees, registrants, or the licensed gambling
14 establishment. The emergency order remains effective
15 until further order of the commission or final disposition
16 of the case.

17 (d) Within two business days after issuance of an
18 emergency order, the commission shall cause an
19 accusation to be filed and served upon the person or
20 entity involved in accordance with regulations adopted
21 by the commission. Thereafter, the person or entity
22 against whom the emergency order has been issued and
23 served is entitled to a hearing which, if so requested, shall
24 commence within 10 business days of the date of the
25 request if a gambling operation is closed by the order, and
26 in all other cases, within 30 calendar days of the date of the
27 request. On application of the division, and for good cause
28 shown, a court may extend the time within which a
29 hearing is required to be commenced, upon such terms
30 and conditions as the court deems equitable.

31 1992. (a) Any person aggrieved by a final decision
32 or order of the commission that imposes any fine, or
33 limits, conditions, suspends, or revokes any previously
34 granted license or approval, made after hearing or
35 rehearing by the commission, may petition for judicial
36 review pursuant to Section 1094.5 of the Code of Civil
37 Procedure and Section 11523 of the Government Code.
38 Notwithstanding any other provision of law, the standard
39 set forth in subdivision (h) of Section 1094.5 of the Code



1 of Civil Procedure shall apply for obtaining a stay of the
2 operation of a commission order.

3 (b) A court may not modify an order of the
4 commission, but a judgment of the court in a proceeding
5 pursuant to this section may vacate a decision of the
6 commission and remand the case to the commission for
7 reconsideration of the decision or order.

8 (c) This section provides the exclusive means to
9 review adjudicatory decisions of the commission.

10

11 Article 11. Criminal Acts

12

13 19930. Any person included on the list of persons to be
14 excluded or ejected from a gambling establishment
15 pursuant to this chapter is guilty of a misdemeanor if he
16 or she thereafter knowingly enters the premises of a
17 licensed gambling establishment.

18 19932. (a) A person under the age of 18 years shall
19 not do any of the following:

20 (1) Play, be allowed to play, place wagers at, or collect
21 winnings from, whether personally or through an agent,
22 any gambling game.

23 (2) Loiter, or be permitted to loiter, in or about any
24 room or premises wherein any gambling game is
25 operated or conducted.

26 (3) Be employed as an employee in a licensed
27 gambling establishment.

28 (4) Present or offer to any licensee, or to an agent of
29 a licensee, any written, printed, or photostatic evidence
30 of age and identity that is false, fraudulent, or not actually
31 his or her own for the purpose of doing any of the things
32 described in paragraphs (1) to (3), inclusive.

33 (b) Any licensee or employee in a gambling
34 establishment who violates or permits the violation of this
35 section, and any person under 18 years of age, who
36 violates this section, is guilty of a misdemeanor.

37 (c) Proof that a licensee, or agent or employee of a
38 licensee, demanded, was shown, and acted in reliance
39 upon, bona fide evidence of majority and identity shall be
40 a defense to any criminal prosecution under this section



1 or to any proceeding for the suspension or revocation of
2 any license or work permit based thereon. As used herein,
3 “bona fide evidence of majority and identity” is a
4 document issued by a federal, state, county, or municipal
5 government, or subdivision or agency thereof, including,
6 but not limited to, a motor vehicle operator’s license or
7 an identification card issued to a member of the Armed
8 Forces, which contains the name, date of birth,
9 description, and picture of the person.

10 19933. (a) Any person who willfully fails to report,
11 pay, or truthfully account for and pay over any license fee
12 imposed by this chapter, or willfully attempts in any
13 manner to evade or defeat the license fee or payment
14 thereof shall be punished by imprisonment in the county
15 jail, or by a fine of not more than five thousand dollars
16 (\$5,000), or by both that imprisonment and fine.

17 (b) Any person who willfully violates, attempts to
18 violate, or conspires to violate any provision of a
19 regulation adopted pursuant to subdivision (e) of Section
20 19834, relating to cash or credit transactions, shall be
21 punished by imprisonment in a county jail for not more
22 than one year, or by a fine of not more than five thousand
23 dollars (\$5,000), or by both that imprisonment and fine.

24 (c) Any person who willfully violates any of the
25 provisions of this chapter, for which a penalty is not
26 expressly provided, is guilty of a misdemeanor.

27 19934. Any person who willfully resists, prevents,
28 impedes, or interferes with the division or the
29 commission or any of their agents or employees in the
30 performance of duties pursuant to this chapter is guilty of
31 a misdemeanor, punishable by imprisonment in the
32 county jail for not more than six months, or by a fine not
33 exceeding one thousand dollars (\$1,000), or by both that
34 imprisonment and fine.

35

36

Article 12. Revenues

37

38 19940. (a) All fines and penalties collected pursuant
39 to this chapter shall be deposited in a special account in
40 the General Fund, and, upon appropriation, may be



1 expended by the Department of Justice to offset costs
2 incurred pursuant to this chapter.

3 (b) Except as otherwise provided in subdivision (a)
4 and Section 19829, all fees and revenue collected
5 pursuant to this chapter shall be deposited in the
6 Gambling Control Fund which is hereby created in the
7 State Treasury. Funds deposited in the Gambling Control
8 Fund shall be available, upon appropriation, for
9 expenditure by the Department of Justice and the
10 commission, and shall, if appropriated, be appropriated
11 exclusively for the support of the division and commission
12 in carrying out their duties and responsibilities under this
13 chapter.

14 19941. (a) All fees for issuance or renewal of a state
15 gambling license or key employee license shall be
16 assessed against the gambling license issued to the owner
17 of the gambling enterprise. Except as provided in
18 subdivision (b), the fee for the issuance and renewal of
19 that gambling license shall be determined by the
20 commission as follows:

21 (1) For a license authorizing one to five, inclusive,
22 tables at which games are played, three hundred dollars
23 (\$300) for each table.

24 (2) For a license authorizing six to eight, inclusive,
25 tables at which games are played, five hundred dollars
26 (\$500) for each table.

27 (3) For a license authorizing 9 to 14, inclusive, tables
28 at which games are played, one thousand two hundred
29 fifty dollars (\$1,250) for each table.

30 (4) For a license authorizing 15 to 25, inclusive, tables
31 at which games are played, two thousand five hundred
32 dollars (\$2,500) for each table.

33 (5) For a license authorizing 26 or more tables at
34 which games are played, four thousand two hundred
35 dollars (\$4,200) for each table.

36 (b) Without regard to the number of tables at which
37 games may be played pursuant to a gambling license, if,
38 at the time of any license renewal, it is determined that
39 the gross revenues of an owner licensee during the
40 licensee's previous fiscal year fell within the following



1 ranges, the fee for renewal of the license shall be as
2 follows:

3 (1) For a gross revenue of one hundred thousand
4 dollars (\$100,000) to two hundred forty-nine thousand
5 nine hundred ninety-nine dollars (\$249,999), inclusive,
6 the amount specified by the commission pursuant to
7 paragraph (2) of subdivision (a).

8 (2) For a gross revenue of two hundred fifty thousand
9 dollars (\$250,000) to nine hundred ninety-nine thousand
10 nine hundred ninety-nine dollars (\$999,999), inclusive,
11 the amount specified by the commission pursuant to
12 paragraph (3) of subdivision (a).

13 (3) For a gross revenue of one million dollars
14 (\$1,000,000) to four million nine hundred ninety-nine
15 thousand nine hundred ninety-nine dollars (\$4,999,999),
16 inclusive, the amount specified by the commission
17 pursuant to paragraph (4) of subdivision (a).

18 (4) For a gross revenue of five million dollars
19 (\$5,000,000) or more, the amount specified by the
20 commission pursuant to paragraph (5) of subdivision (a).

21 (c) Notwithstanding subdivision (b), the fee for
22 renewal of a gambling license shall not be less than the
23 amount specified in subdivision (a).

24 (d) (1) If, at the end of any fiscal year prior to July 1,
25 1998, the commission, in consultation with the director,
26 determines that the total of all issuance and renewal fees
27 collected during that fiscal year exceeded six million
28 dollars (\$6,000,000), the excess shall be refunded to all
29 owner licensees within 180 calendar days after the close
30 of the fiscal year, by way of a pro rata distribution.

31 (2) After July 1, 1999, the commission, upon
32 recommendation of, and in consultation with, the
33 director, shall review the relationship between the fee
34 amounts specified in Section 19941 and the cost of
35 regulation of controlled gambling under this chapter. If,
36 as a result of that review, it appears that the total revenue
37 generated by fees exceeds the reasonable costs of
38 regulation, the commission, by regulation, may reduce
39 any of the fee amounts specified in Section 19941, not to
40 exceed, singly or cumulatively, a 10 percent reduction in



1 any fee amount. Any reduction in a subsequently
2 proposed budget reflecting a loss in anticipated revenues
3 due to a reduction in fees pursuant to this paragraph, shall
4 be reflected proportionally in the budgets of both the
5 commission and the division.

6 (e) The commission may provide for payment of
7 gambling license fees on an annual or more frequent
8 basis.

9 (f) For purposes of this section, each table at which a
10 game is played constitutes a single game table.

11 19942. The commission, by regulation, shall establish
12 fees for special licenses authorizing irregular operation of
13 tables in excess of the total number of tables otherwise
14 authorized to a licensed gambling establishment, for
15 tournaments and other special events.

16 19943. The issuance and renewal fee for a
17 manufacturer's or distributor's license shall not exceed
18 ten thousand dollars (\$10,000).

19 19944. Nothing contained in this chapter shall be
20 deemed to restrict or limit the power of any city, county,
21 or city and county to fix, impose, and collect a license tax.

22

23

Article 13. Local Governments

24

25 19950. This chapter shall not prohibit the enactment,
26 amendment, or enforcement of any ordinance by any
27 city, county, or city and county relating to licensed
28 gambling establishments that is not inconsistent with this
29 chapter. Nothing in this chapter prohibits the enactment,
30 amendment, or enforcement of any ordinance by a city,
31 county, or city and county that regulates attire in a
32 licensed gambling establishment.

33 19951. (a) No gambling license shall be granted with
34 respect to any gambling establishment located within the
35 territorial limits of any city, county, or city and county
36 which, as of the effective date of this chapter, did not, by
37 ordinance, permit gaming clubs pursuant to former
38 Chapter 5 (commencing with Section 19800) as it read
39 prior to its repeal by the act that added this chapter to the
40 Business and Professions Code, unless a majority of the



1 electors voting thereon affirmatively approve a measure
2 permitting controlled gambling within that city, county,
3 or city and county. The question shall appear on the ballot
4 in substantially the following form: “Shall licensed
5 gambling establishments in which any controlled games
6 permitted by law, such as draw poker, low-ball poker,
7 panguingue (pan), seven-card stud, pai gow poker, pai
8 gow, and super pan 9, are played be allowed in ____?
9 Yes __ No __”

10 (b) In addition, the initial implementing ordinances
11 shall be drafted and appear in full on the sample ballot
12 and shall set forth at least the following:

- 13 (1) The hours of operation.
- 14 (2) The games to be played.
- 15 (3) The wagering limits.

16 19955. No city, county, or city and county may grant,
17 or permit to continue in effect, a license to deal, operate,
18 carry on, conduct, maintain, or expose for play any
19 controlled game to any applicant or holder of a local
20 license unless the applicant or local licensee is an owner
21 licensee as defined in this chapter. However, the issuance
22 by the commission of a state gambling license to a person
23 imposes no requirements upon the city, county, or city
24 and county to issue a license to the person.

25

26 Article 14. Miscellaneous Provisions

27

28 19956. If any clause, sentence, paragraph, or part of
29 this chapter is, for any reason, adjudged by a court of
30 competent jurisdiction to be invalid, that judgment shall
31 not affect, impair, or invalidate the remainder of this
32 chapter and the application thereof to other persons or
33 circumstances, but shall be confined to the operation of
34 the clause, sentence, paragraph, or part thereof directly
35 involved in the controversy in which the judgment was
36 rendered and to the person or circumstances involved.

37 19957. This act is an exercise of the police power of the
38 state for the protection of the health, safety, and welfare
39 of the people of the State of California, and shall be
40 liberally construed to effectuate those purposes.



1 19958. For purposes of Section 3482 of the Civil Code,
2 a gambling license issued by the commission shall not be
3 construed to authorize any conduct or activity other than
4 the conduct of controlled gambling.

5

6 Article 15. Additional Restrictions Related to Fair

7 Elections and Corruption of Regulators

8

9 19959. (a) The Legislature finds and declares that
10 there is a compelling governmental interest in ensuring
11 that elections conducted pursuant to Section 19951 are
12 conducted fairly and that electors in those elections are
13 presented with fair and balanced arguments in support
14 of, and in opposition to, the existence of gambling
15 establishments. Large contributions by gambling
16 operators or prospective gambling operators who will be
17 financially interested in the outcome of the election often
18 unfairly distort the contest in which those elections take
19 place.

20 (b) The Legislature finds and declares that the
21 integrity of investigations conducted by the Attorney
22 General pursuant to this chapter, and public's confidence
23 in the integrity of those investigations, is seriously
24 undermined if persons who may be subject to those
25 investigations are permitted to contribute to the election
26 or reelection of the Attorney General.

27 (c) In California, in other states, and in other
28 countries, there is ample historical evidence of the
29 potential for revenues derived from gambling to be used
30 to corrupt political officials in the regulation or
31 prosecution of crimes related to gambling activities,
32 embezzlement, and money laundering.

33 (d) This article is enacted as an exercise of the police
34 power of the state for the protection of health, safety, and
35 welfare of the people of this state.

36 19959.5. (a) A member of the commission, the
37 executive secretary of the commission, the director of the
38 division, and any employee designated by regulation of
39 the commission or the division for purposes of this section,
40 shall not, for a period of three years after leaving office or



1 terminating employment, for compensation, act as agent
2 or attorney for, or otherwise represent, any other person
3 by making any formal or informal appearance, or by
4 making any oral or written communication, before the
5 commission or the division, or any officer or employee
6 thereof, if the appearance or communication is for the
7 purpose of influencing administrative action, or
8 influencing any action or proceeding involving the
9 issuance, amendment, awarding, or revocation of a
10 permit, license, or approval.

11 (b) A member of the commission shall not, during the
12 member's term of office, engage in the solicitation of
13 contributions to a candidate, or a committee controlled
14 by the candidate, if that candidate appointed the
15 member to the commission.

16 (c) A member of the commission shall not solicit or
17 accept contributions from any applicant or licensee.

18 19960. (a) Notwithstanding any other provision of
19 this chapter, a person described in subdivision (d) is
20 ineligible to hold a state license, under the following
21 circumstances:

22 (1) If, after the effective date of this chapter, and
23 within two years prior to submission of an application for
24 licensure or while holding a state license, the person
25 makes a financial contribution, directly or indirectly, in
26 excess of two hundred fifty dollars (\$250) to a committee
27 organized for the purpose of supporting the passage of a
28 measure placed on a ballot pursuant to Section 19951.

29 (2) If, while holding the state license, the person
30 makes a financial contribution, directly or indirectly, in
31 excess of two hundred fifty dollars (\$250) to a committee
32 organized for the purpose of defeating the passage of a
33 measure placed on a ballot pursuant to Section 19951.

34 (b) Notwithstanding any other provision in this
35 chapter, a person described in subdivision (d) is ineligible
36 to hold a state license, if, after the effective date of this
37 chapter, and within two years prior to submission of an
38 application for licensure or while holding a state license,
39 the person makes a financial contribution, directly or
40 indirectly, to any committee controlled by the Attorney



1 General, to any candidate for the office of Attorney
2 General, or to any committee organized for the purpose
3 of electing a person to the office of Attorney General.

4 (c) Notwithstanding any other provision in this
5 chapter, any person, other than a person described in
6 subdivision (d), who is subject to licensure in the
7 discretion of the commission, whether by regulation or
8 order, is ineligible to hold a state license, if, after
9 becoming subject to licensure, or while holding a state
10 license, the person makes a financial contribution,
11 directly or indirectly, to any committee controlled by the
12 Attorney General, to any candidate for the office of
13 Attorney General, or to any committee organized for the
14 purpose of electing a person to the office of Attorney
15 General.

16 (d) Subdivisions (a) and (b) apply to the following
17 persons:

18 (1) Persons subject to licensure pursuant to Sections
19 19840.5 and 19841.

20 (2) Persons subject to licensure pursuant to
21 subdivisions (a), (b), and (e) of Section 19842.

22 19960.1. No member of the commission, the executive
23 secretary of the commission, and the director of the
24 division shall, for a period of three years after leaving
25 office or terminating employment, for compensation, act
26 as agent or attorney for, or otherwise represent, any other
27 person by making any formal or informal appearance, or
28 by making any oral or written communication, before the
29 commission or the division, or any officer or employee
30 thereof, if the appearance or communication is for the
31 purpose of influencing administrative action, or
32 influencing any action or proceeding involving the
33 issuance, amendment, awarding, or revocation of a
34 permit, license, or approval.

35 19960.2. (a) The commission may take any action
36 described in subdivision (b) of Section 19823 with respect
37 to any applicant or licensee, if the applicant or licensee,
38 within three years prior to the submission of the license
39 or renewal application, or any time thereafter, violates
40 any law or ordinance respecting campaign finance



1 disclosure or contribution limitations applicable to an
2 election that is conducted pursuant to Section 19951 or
3 pursuant to former Section 19819, as that section read
4 immediately prior to its repeal by the act that enacted this
5 chapter.

6 (1) The remedies specified herein are in addition to
7 any other remedy or penalty provided by law.

8 (2) Any final determination by the Fair Political
9 Practices Commission that the applicant did not violate
10 any provision of state law within its jurisdiction shall be
11 binding on the commission.

12 (3) Any final determination by a city or county
13 governmental body having ultimate jurisdiction over the
14 matter that the applicant did not violate an ordinance
15 respecting campaign finance disclosure or contribution
16 limitations applicable to an election conducted pursuant
17 to Section 19951 shall be binding on the commission.

18 (b) Every applicant for a gambling license, or any
19 renewal thereof, shall file with the commission, at the
20 time the license application or renewal is filed, the
21 following information:

22 (1) Any statement or other document required to be
23 filed with the Fair Political Practices Commission relative
24 to an election that is conducted pursuant to Section 19951,
25 or former Section 19819, as that section read immediately
26 prior to its repeal by the act that enacted this chapter,
27 within three years of the date on which the application is
28 submitted.

29 (2) Any statement or other document required to be
30 filed with any local jurisdiction respecting campaign
31 finance disclosure or contribution limitations applicable
32 to an election that is conducted pursuant to Section 19951,
33 or former Section 19819, as that section read immediately
34 prior to its repeal by the act that enacted this chapter,
35 within three years of the date on which the application is
36 submitted.

37 (3) A report of any contribution of money or thing of
38 value, in excess of one hundred dollars (\$100), made to
39 any committee, as defined by Section 82013 of the
40 Government Code, associated with any election that is



1 conducted pursuant to Section 19951, or former Section
2 19819, as that section read immediately prior to its repeal
3 by the act that enacted this chapter, within three years of
4 the date on which the application is submitted.

5 (4) A report of any other significant involvement by
6 the applicant or licensee in an election that is conducted
7 pursuant to Section 19951, or former Section 19819, as that
8 section read immediately prior to its repeal by the act that
9 enacted this chapter, within three years of the date on
10 which the application is submitted.

11 (5) A disclosure of any information in the possession of
12 the applicant or licensee concerning known or suspected
13 violations of state or local campaign laws, by any other
14 licensee or applicant, respecting the conduct of any
15 election that is conducted pursuant to Section 19951, or
16 former Section 19819, as that section read immediately
17 prior to its repeal by the act that enacted this chapter,
18 within three years of the date on which the application is
19 submitted.

20 (c) The commission shall adopt regulations to
21 implement this section.

22 19960.3. It is the intent of the Legislature that if any
23 provision of this article is adjudged by a court to be invalid
24 because of any conflict or inconsistency with the Political
25 Reform Act of 1974, as amended (Title 9 (commencing
26 with Section 81000) of the Government Code), that
27 judgment shall not affect, impair, or invalidate any other
28 provision of this chapter and the application thereof to
29 other persons or circumstances, but shall be confined to
30 the operation of the clause, sentence, paragraph, or part
31 thereof directly involved in the controversy in which the
32 judgment was rendered and to the person or
33 circumstances involved.

34 19960.4. This article shall not become operative unless
35 it is submitted to, and approved by, the voters at the
36 March 26, 1996, statewide direct primary election.

37 SEC. 4. Section 1822.60 is added to the Code of Civil
38 Procedure, to read:

39 1822.60. A warrant may be issued under the
40 requirements of this title to authorize personnel of the



1 Division of Gambling Control of the Department of
2 Justice to conduct inspections as provided in subdivision
3 (a) of Section 19825 of the Business and Professions Code.

4 SEC. 4.3. Section 11553.5 of the Government Code is
5 amended to read:

6 11553.5. Effective January 1, 1988, an annual salary of
7 seventy-nine thousand one hundred twenty-two dollars
8 (\$79,122) shall be paid to the following:

9 (a) Member of the Agricultural Labor Relations
10 Board.

11 (b) Member of the State Energy Resources
12 Conservation and Development Commission.

13 (c) Member of the Public Utilities Commission.

14 (d) Member of the Public Employment Relations
15 Board.

16 (e) Member of the Unemployment Insurance Appeals
17 Board.

18 (f) Member of the Workers' Compensation Appeals
19 Board.

20 (g) Member of the State Water Resources Control
21 Board.

22 *(h) Member of the California Gambling Control*
23 *Commission.*

24 The annual compensation provided by this section shall
25 be increased in any fiscal year in which a general salary
26 increase is provided for state employees. The amount of
27 the increase provided by this section shall be comparable
28 to, but shall not exceed, the percentage of the general
29 cost-of-living salary increases provided for state
30 employees during that fiscal year.

31 SEC. 4.5. Section 12012 of the Government Code is
32 amended to read:

33 12012. (a) The Governor is the sole official organ of
34 communication between the government of this ~~State~~
35 *state* and the government of any other ~~State~~ *state* or of the
36 United States.

37 *(b) The Governor is the designated state officer*
38 *responsible for negotiating and executing, on behalf of*
39 *the state, compacts with federally recognized Indian*
40 *tribes in the State of California pursuant to the Indian*



1 *Gaming Regulatory Act (25 U.S.C. Sec. 2701 et seq.), for*
2 *conducting Class III gaming as defined in that act, on*
3 *Indian lands. Notwithstanding any other provision of law,*
4 *the Governor is empowered, but not required, to*
5 *negotiate and execute a tribal-state compact concerning*
6 *the regulation of any gambling activity prohibited by*
7 *state law that is permissible on Indian lands in this state*
8 *as a matter of federal law.*

9 (c) *Following completion of negotiations conducted*
10 *pursuant to subdivision (b), the Governor shall submit*
11 *any proposed tribal-state compact to the Joint Committee*
12 *on Rules for assignment to an appropriate joint*
13 *committee of the Legislature. Within 30 calendar days*
14 *after receiving a proposed compact from the Governor,*
15 *the appropriate joint committee may conduct hearings*
16 *on the proposed compact and shall forward its comments,*
17 *if any, to the Governor. The Governor shall not execute*
18 *a compact until the expiration of 30 calendar days from*
19 *the date of submission of the proposed compact to the*
20 *Joint Committee on Rules or until the receipt of*
21 *comments, whichever occurs first. If comments are*
22 *received during the 30-day period, the Governor shall not*
23 *execute a compact until the Governor has considered*
24 *those comments.*

25 SEC. 5. Section 15001 of the Government Code is
26 amended to read:

27 15001. The department is composed of the ~~Office~~
28 *office of the Attorney General*~~and~~, *the Division of Law*
29 *Enforcement, and the Division of Gaming Control.*

30 SEC. 6. Section 15001.1 is added to the Government
31 Code, to read:

32 15001.1. The Division of Gambling Control is
33 responsible for investigation and enforcement of
34 controlled gambling activity in this state as set forth in the
35 Gambling Control Act (Chapter 5 (commencing with
36 Section 19800) of Division 8 of the Business and
37 Professions Code). A person is ineligible for appointment
38 as director or deputy director of the Division of Gambling
39 Control if, within two years prior to appointment, the
40 person, or any partnership or corporation in which the



1 person is a principal, was employed by, retained by, or
2 derived substantial income from, any gambling
3 establishment, whether or not a controlled gambling
4 establishment.

5 SEC. 7. Section 15001.2 is added to the Government
6 Code, to read:

7 15001.2. Any process issued by the Division of
8 Gambling Control for purposes of implementing and
9 enforcing the Gambling Control Act (Chapter 5
10 (commencing with Section 19800) of Division 8 of the
11 Business and Professions Code) may be issued in the
12 name of the division. Any hearing conducted by the
13 Attorney General for these purposes may be styled as
14 conducted before the division.

15 SEC. 8. Section 337j is added to the Penal Code, to
16 read:

17 337j. (a) It is unlawful for any person, as owner,
18 lessee, or employee, whether for hire or not, either solely
19 or in conjunction with others, to do any of the following
20 without having first procured and thereafter maintained
21 in effect all federal, state, and local licenses required by
22 law:

23 (1) To deal, operate, carry on, conduct, maintain, or
24 expose for play in this state any controlled game or
25 gambling equipment used in connection with any
26 controlled game.

27 (2) To receive, directly or indirectly, any
28 compensation or reward or any percentage or share of the
29 revenue, for keeping, running, or carrying on any
30 controlled game.

31 (3) To manufacture or distribute within the territorial
32 boundaries of this state any gambling equipment to be
33 used in connection with any controlled game.

34 (b) It is unlawful for any person to knowingly permit
35 any controlled game to be conducted, operated, dealt, or
36 carried on in any house or building or other premises that
37 he or she owns or leases, in whole or in part, if that activity
38 is undertaken by a person who is not licensed as required
39 by state law, or by an employee of that person.



1 (c) Any person who violates, attempts to violate, or
2 conspires to violate this section shall be punished by
3 imprisonment in a county jail for not more than one year,
4 or by a fine of not more than five thousand dollars
5 (\$5,000), or by both that imprisonment and fine.

6 (d) (1) As used in this section, “controlled game”
7 means any game of chance played for currency, check,
8 credit, or any other thing of value that is not prohibited
9 and made unlawful by Chapter 9 (commencing with
10 Section 319) or Chapter 10 (commencing with Section
11 330), or by local ordinance.

12 (2) As used in this section, “controlled game” does not
13 include any of the following:

14 (A) The game of bingo conducted pursuant to Section
15 326.5.

16 (B) Parimutuel wagering on horseraces regulated by
17 the California Horse Racing Board.

18 (C) Any lottery game conducted by the California
19 State Lottery.

20 (D) Games played with cards in private homes or
21 residences in which no person makes money for
22 operating the game, except as a player.

23 SEC. 9. (a) For purposes of this section, “provisional
24 license” means a license that is either granted by
25 operation of law, pursuant to this section, or is issued by
26 the Director of the Division of Gambling Control
27 pursuant to this section, and authorizes the holder to own
28 and operate a gambling establishment, as defined by the
29 Gambling Control Act (Chapter 5 (commencing with
30 Section 19800) of Division 8 of the Business and
31 Professions Code), as enacted by this act. Except as
32 otherwise provided in subdivision (g), issuance of a
33 provisional license creates no vested right to the issuance
34 of a state gambling license by the commission. A
35 provisional license is held subject to all terms and
36 conditions under which a state gambling license is held
37 pursuant to the Gambling Control Act (Chapter 5
38 (commencing with Section 19800) of Division 8 of the
39 Business and Professions Code), as enacted by this act.



1 (b) (1) Every person possessing a valid registration,
2 issued pursuant to former Chapter 5 (commencing with
3 Section 19800) of Division 8 of the Business and
4 Professions Code, as it read immediately prior to its repeal
5 by this act, and unexpired as of January 1, 1996, shall be
6 deemed, as of January 1, 1996, to hold a provisional license
7 to conduct those activities authorized by the registration.

8 (2) Until a provisional licensee is summoned pursuant
9 to subdivision (d), no other state gambling license shall
10 be required in connection with the operation owned,
11 managed, or operated by a person holding a provisional
12 license. Nothing in this paragraph shall relieve any person
13 who, on or after the effective date of this act, acquires an
14 ownership interest in a gambling establishment, from the
15 provisions of Section 19840 of the Business and Professions
16 Code, as enacted by this act. Upon payment of the license
17 fees described in this section, the provisional license shall
18 be valid until the earlier of the following events:

19 (A) December 31, 1996.

20 (B) The granting or denial of an application for a
21 gambling license.

22 (c) Every person holding a provisional license
23 pursuant to subdivision (b), who desires that the
24 provisional license be converted to a gambling license
25 under the Gambling Control Act enacted by this act shall,
26 no later than January 31, 1996, deposit with the Division
27 of Gambling Control a license fee calculated as the
28 amount specified for each level of operation in
29 subdivision (a) of Section 19941 of the Business and
30 Professions Code, as enacted by this act.

31 (d) Commencing July 1, 1996, the Division of
32 Gambling Control shall summon persons holding
33 provisional licenses for the purpose of applying for
34 gambling licenses under the Gambling Control Act
35 enacted by this act. Thereafter, except as otherwise
36 provided herein, the license application process shall
37 proceed as an initial application for licensure in
38 accordance with the provisions of the Gambling Control
39 Act, including the advance deposit of fees for
40 investigation of the application or applications, if any. An



1 application for a gambling license shall not be denied
2 solely for the reason that the applicant failed to provide
3 material information on an application for registration
4 submitted pursuant to former Chapter 5 (commencing
5 with Section 19800) of Division 8 of the Business and
6 Professions Code, as it read immediately prior to its repeal
7 by this act.

8 (1) No investigation conducted pursuant to
9 subdivision (a) of Section 19824 of the Business and
10 Professions Code, as enacted by this act, shall be required
11 as a condition of issuance of a license to any of the
12 following:

13 (A) Any natural person holding a provisional license
14 pursuant to paragraph (1) of subdivision (b).

15 (B) Any business organization all of whose owners,
16 officers, directors, or shareholders, including owners of
17 partnership interests, are exempt from investigation
18 pursuant to subparagraph (A).

19 (2) The division shall not require an applicant who
20 holds a provisional license pursuant to subdivision (b) to
21 furnish, in connection with an application for licensure,
22 information or documentation that is presently in the
23 possession of the Department of Justice by virtue of
24 having conducted a prior investigation of the applicant
25 pursuant to former Chapter 5 (commencing with Section
26 19800) of Division 8 of the Business and Professions Code,
27 as it read immediately prior to its repeal by this act.

28 (e) If an application for a gambling license is granted,
29 and upon payment of the fees specified by the California
30 Gambling Control Commission pursuant to the Gambling
31 Control Act, a gambling license may be issued to the
32 owner of the gambling enterprise, to expire not later than
33 12 months thereafter. If this license is issued prior to
34 December 31, 1996, the licensee shall be entitled to a
35 credit, if any, for the fee paid pursuant to subdivision (c).

36 (f) Subject to the limitations described herein, the
37 commission shall not deny a license to any person who
38 holds a provisional license pursuant to subdivision (b)
39 and with respect to whom no investigation is required
40 pursuant to paragraph (1) of subdivision (d).



1 (1) In addition to any other permissible ground for
2 suspension or revocation, a license issued to any person
3 pursuant to this subdivision may be suspended or revoked
4 upon conviction of the person for any felony, gambling
5 offense, or crime involving dishonesty or moral turpitude,
6 based on conduct occurring prior to the effective date of
7 this act.

8 (2) A license issued pursuant to this subdivision shall
9 be deemed to have been revoked upon the conclusion of
10 administrative and judicial proceedings, if any, affirming
11 the administrative revocation of a registration conducted
12 pursuant to former Chapter 5 (commencing with Section
13 19800) of Division 8 of the Business and Professions Code,
14 as it read immediately prior to its repeal by this act.

15 (3) Section 19841 of the Business and Professions Code,
16 as enacted by this act, shall apply to the issuance of any
17 license to a person holding a provisional license.

18 (h) If an application for a gambling license is denied,
19 the applicant shall be entitled to a pro rata refund of the
20 fee paid pursuant to subdivision (c), and any unused
21 deposit of investigative fees.

22 (i) If the Division of Gambling Control does not, prior
23 to December 31, 1996, summon a person holding a
24 provisional license for the purpose of applying for a
25 gambling license, the California Gambling Control
26 Commission, upon request of the holder of the provisional
27 license, and upon payment of the fees specified by the
28 commission pursuant to the Gambling Control Act, shall
29 extend the provisional license until December 31, 1997.
30 Thereafter, the process described in subdivisions (d), (e),
31 and (f) shall apply in similar fashion.

32 (j) No application for a state gambling license may be
33 submitted to the Division of Gambling Control prior to
34 July 1, 1996. It is the intent of the Legislature that the
35 California Gambling Control Commission and division
36 shall be fully operative by July 1, 1996.

37 SEC. 9.5. All administrative or judicial proceedings
38 that were initiated pursuant to former Chapter 5
39 (commencing with Section 19800) of Division 8 of the
40 Business and Professions Code, as it read immediately



1 prior to its repeal by this act, and that are not concluded
2 prior to the effective date of this act, shall continue and
3 shall be governed by those provisions until concluded.

4 SEC. 10. The California Gambling Control
5 Commission shall not require an application for a finding
6 of suitability or a license pursuant to subdivision (c) of
7 Section 19842 of the Business and Professions Code, as
8 enacted by this act, from any person who, upon initial and
9 annual registration, as required by regulation of the
10 commission, satisfies all of the following criteria:

11 (a) Since at least December 31, 1994, the person has
12 been the lessor of the premises or real property.

13 (b) Since at least December 31, 1994, lawful gambling
14 was conducted on the premises or real property pursuant
15 to former Chapter 5 (commencing with Section 19800) of
16 Division 8 of the Business and Professions Code, as it read
17 immediately prior to its repeal by this act.

18 (c) Since at least December 31, 1994, the person has
19 had no direct or indirect financial interest in the
20 operations of the licensed gambling establishment except
21 as the lessor of the premises or real property.

22 (d) The person has not been convicted of any felony
23 or of any crime involving dishonesty or moral turpitude.

24 (e) The person is not a person described in subdivision
25 (e) of Section 19841 of the Business and Professions Code,
26 as enacted by this act, or a person described in
27 subdivisions (b), (d), (e), or (f) of Section 19842 of the
28 Business and Professions Code, as enacted by this act.

29 SEC. 10.6. (a) Until January 1, 2006, and except as
30 provided in subdivision (c), a rebuttable presumption
31 exists, for purposes of subdivision (b) of Section 19852 of
32 the Business and Professions Code, as enacted by this act,
33 that there would be an undue concentration of gambling
34 establishments if the proposed gambling establishment
35 would be located in a county having a population of more
36 than 4,000,000 and one of the following is true:

37 (1) The proposed gambling establishment would be
38 located within a five-air-mile radius of an existing licensed
39 gambling establishment that is regularly operating 75 or
40 more gambling tables.



1 (2) The proposed gambling establishment would be
2 located within a five-air-mile radius of the premises of a
3 racing association other than a fair.

4 (b) Nothing herein shall be construed to limit the
5 power of the California Gambling Control Commission to
6 establish, by regulation, rebuttable presumptions, not
7 inconsistent with this section, concerning the
8 concentration of gambling establishments.

9 SEC. 11. All funds remaining in the special account in
10 the General Fund established pursuant to former Section
11 19818 of the Business and Professions Code, as that section
12 read immediately prior to its repeal by this act, shall,
13 effective January 1, 1996, be transferred to the Gambling
14 Control Fund created by Section 19940 of the Business
15 and Professions Code, as enacted by this act.

16 SEC. 12. The Secretary of State shall, pursuant to
17 subdivision (b) of Section 81012 of the Government Code,
18 submit Article 15 (commencing with Section 19959) of
19 Chapter 5 of Division 8 of the Business and Professions
20 Code, as added by this act, for approval by the voters at
21 the March 26, 1996, direct primary election.

22 SEC. 13. No reimbursement is required by this act
23 pursuant to Section 6 of Article XIII B of the California
24 Constitution for those costs that may be incurred by a
25 local agency or school district because this act creates a
26 new crime or infraction, changes the definition of a crime
27 or infraction, changes the penalty for a crime or
28 infraction, or eliminates a crime or infraction.

29 However, notwithstanding Section 17610 of the
30 Government Code, if the Commission on State Mandates
31 determines that this act contains other costs mandated by
32 the state, reimbursement to local agencies and school
33 districts for those costs shall be made pursuant to Part 7
34 (commencing with Section 17500) of Division 4 of Title
35 2 of the Government Code. If the statewide cost of the
36 claim for reimbursement does not exceed one million
37 dollars (\$1,000,000), reimbursement shall be made from
38 the State Mandates Claims Fund.

39 Notwithstanding Section 17580 of the Government
40 Code, unless otherwise specified in this act, the provisions



1 of this act shall become operative on the same date that
2 the act takes effect pursuant to the California
3 Constitution.

O

