

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 Section 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 amended, 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~~ *activities* related to any controlled game, as defined, or to ~~use, manufacture,~~ or distribute in this state, gambling equipment *to be used* 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 state license*. 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~~ *That* 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, *or to any committee controlled by the Attorney General or to any candidate for Attorney General. This bill would also prohibit the Governor from executing a tribal-state gaming compact with an Indian tribe unless the tribe agrees to certain restrictions governing campaign contributions.*

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 *this* 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 *for certain costs* 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 SEC. 2. Chapter 5 (commencing with Section 19800)
4 of Division 8 of the Business and Professions Code is
5 repealed.

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

9

~~CHAPTER 5. THE GAMBLING CONTROL ACT~~

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CHAPTER 5. THE GAMBLING CONTROL ACT

13

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Article 1. General Provisions

15

16

17 19800. This chapter shall be known and may be cited
18 as the "Gambling Control Act."

19

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

21

(a) The longstanding public policy of this state
22 disfavors the business of gambling. State law prohibits
23 commercially operated lotteries, banked or percentage
24 games, gambling machines, and strictly regulates



1 *parimutuel* wagering on horseracing. To the extent that
2 state law categorically prohibits certain forms of
3 gambling and prohibits gambling devices, nothing herein
4 shall be construed, in any manner, to reflect a legislative
5 intent to relax those prohibitions.

6 (b) Gambling can become addictive and is not an
7 activity to be promoted or legitimized as entertainment
8 for children and families.

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

15 (d) It is the policy of this state that gambling activities
16 that are not expressly prohibited or regulated by state law
17 may be prohibited or regulated by local government.
18 Moreover, it is the policy of this state that no new card
19 room may be opened in a city, county, or city and county
20 in which a card room was not operating on and before
21 January 1, 1984, except upon the affirmative vote of the
22 electors of that city, county, or city and county.

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

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

35 (g) Public trust and confidence can only be
36 maintained by strict and comprehensive regulation of all
37 persons, locations, practices, associations, and activities
38 related to the operation of lawful gambling
39 establishments and the manufacture or distribution of
40 permissible gambling equipment.



1 (h) All gambling operations, all persons having a
2 significant involvement in gambling operations, all
3 establishments where gambling is conducted, and all
4 manufacturers, sellers, and distributors of gambling
5 equipment must be licensed and regulated to protect the
6 public health, safety, and general welfare of the residents
7 of this state as an exercise of the police powers of the state.

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

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

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



1 warranted when local governmental regulation
2 respecting those subjects is inadequate or the regulation
3 fails to safeguard the legitimate interests of residents in
4 other governmental jurisdictions.

5 (l) The exclusion or ejection of certain persons from
6 gambling establishments is necessary to effectuate the
7 policies of this chapter and to maintain effectively the
8 strict regulation of licensed gambling.

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

16 19802. (a) It is the intent of the Legislature, in
17 enacting this chapter, to provide uniform, minimum
18 standards of regulation of permissible gambling activities
19 and the operation of lawful gambling establishments.

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

32 19804. (a) In any action for declaratory or injunctive
33 relief, or for relief by way of any extraordinary writ, other
34 than an action initiated pursuant to subdivision (e) of
35 Section 19858 or pursuant to Section 19922, wherein the
36 construction, application, or enforcement of this chapter,
37 or any regulation adopted pursuant thereto, or any order
38 of the division or the commission issued pursuant thereto,
39 is called into question, a court shall not grant any
40 preliminary or permanent injunction, or any peremptory



1 writ of mandate, certiorari, or prohibition, in connection
2 therewith, except as follows:

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

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

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

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

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

27 19805. As used in this chapter, the following words
28 mean:

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

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

38 (c) "Commission" means the California Gambling
39 Control Commission.



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

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

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

12 (g) “Division” means the Division of Gambling
13 Control in the Department of Justice.

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

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

23 (j) “Game” and “gambling game” means any
24 controlled game.

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

35 (l) “Gambling equipment” means cards, tiles, dice,
36 chips, dealing shoes, drop boxes, gambling tables, devices
37 for weighing and counting money, and any other
38 equipment or mechanical, electromechanical, or
39 electronic contrivance, component, or machine used



1 *remotely or directly in connection with gambling or any*
2 *controlled game.*

3 (m) *“Gambling establishment” or establishment*
4 *means one or more rooms where any controlled gambling*
5 *occurs.*

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

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

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

18 (q) *Except as determined by regulation,*
19 *“independent agent” means any person who does either*
20 *of the following:*

21 (1) *Approves or grants the extension of gambling*
22 *credit on behalf of a gambling licensee or collects debt*
23 *evidenced by a credit instrument.*

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

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



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

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

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

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

13 (1) To receive from a limited partnership any of the
14 following:

15 (A) A share of the revenue.

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

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

19 (2) To exercise any of the rights provided under state
20 law.

21 (w) “Owner licensee,” means an owner of a gambling
22 enterprise who holds a state gambling license.

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

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

36 19806. (a) Nothing in this chapter shall be construed
37 in any way to permit or authorize any conduct made
38 unlawful by Chapter 9 (commencing with Section 319) or
39 Chapter 10 (commencing with Section 330) of Title 9 of
40 Part 1 of the Penal Code or any local ordinance.



1 19807. *Except as otherwise provided in this chapter,*
2 *whenever the division or commission is a defendant or*
3 *respondent in any proceeding, venue for the proceeding*
4 *shall be in the County of Sacramento, the City and*
5 *County of San Francisco, the County of Los Angeles, or*
6 *the County of San Diego.*

7

8

Article 2. Administration

9

10 19810. *There is in state government the California*
11 *Gambling Control Commission, consisting of five*
12 *members. Jurisdiction and supervision over gambling*
13 *establishments in this state and over all persons or things*
14 *having to do with the operations of gambling*
15 *establishments is vested in the commission.*

16 19811. (a) *Each member of the commission shall be*
17 *a citizen of the United States and a resident of this state.*

18 (b) *No member of the Legislature, no person holding*
19 *any elective office in state, county, or local government,*
20 *and no officer or official of any political party is eligible*
21 *for appointment to the commission.*

22 (c) *No more than three of the five members of the*
23 *commission shall be members of the same political party.*

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

31 19812. (a) *Of the members initially appointed, one*
32 *shall be appointed for a term of two years, one shall be*
33 *appointed for a term of three years, one shall be*
34 *appointed for a term of four years, and two shall be*
35 *appointed for a term of five years. After the initial terms,*
36 *the term of office of each member of the commission is*
37 *five years.*

38 (b) *The Governor shall appoint the members of the*
39 *commission, subject to confirmation by the Senate, and*
40 *shall designate one member to serve as chairperson. The*



1 *initial appointments shall be made on or before March 1,*
2 *1996. Thereafter, vacancies shall be filled within 60 days*
3 *of the date of the vacancy by the Governor subject to*
4 *confirmation by the Senate.*

5 *(c) The Governor may remove any commissioner for*
6 *incompetence, neglect of duty, or corruption upon first*
7 *giving him or her a copy of the charges and an*
8 *opportunity to be heard.*

9 *19813. (a) During their term of office, the*
10 *commission members shall not engage in any other*
11 *business, vocation, or employment.*

12 *(b) Before entering upon the duties of his or her office,*
13 *each member shall subscribe to the constitutional oath of*
14 *office and, in addition, swear that he or she is not, and*
15 *during his or her term of office shall not be, pecuniarily*
16 *interested in, or doing business with, any person, business,*
17 *or organization holding a gambling license.*

18 *19814. The members of the commission shall receive*
19 *the salary provided for by Section 11553.5 of the*
20 *Government Code.*

21 *19815. (a) The commission shall have an executive*
22 *secretary appointed by the commission. A person is*
23 *ineligible for appointment as executive secretary or*
24 *deputy executive secretary if, within two years prior to*
25 *appointment, the person, or any partnership or*
26 *corporation in which the person is a principal, was*
27 *employed by, retained by, or derived substantial income*
28 *from, any gambling establishment, whether or not a*
29 *controlled gambling establishment.*

30 *(b) The executive secretary shall receive the annual*
31 *salary established by the commission and approved by the*
32 *Department of Personnel Administration. The executive*
33 *secretary shall be the commission's executive officer and*
34 *shall carry out and execute the duties as specified by law*
35 *and by the commission and, for that purpose, the*
36 *executive secretary may appoint staff and clerical*
37 *personnel. It is the intent of the Legislature that the*
38 *employment of assistants and clerical personnel as*
39 *provided by this subdivision shall not be accomplished by*



1 *any reduction in the reasonably necessary staffing level*
2 *of the division.*

3 *19815.5. The commission shall establish a Gambling*
4 *Policy Advisory Committee of 10 members. The*
5 *committee shall be composed of representatives of*
6 *controlled gambling licensees and members of the*
7 *general public in equal numbers. The executive secretary*
8 *shall, from time to time, convene the committee for the*
9 *exclusive purpose of discussing matters of controlled*
10 *gambling regulatory policy. The recommendations*
11 *concerning gambling policy made by the committee shall*
12 *be presented to the division and the commission, but shall*
13 *be deemed advisory and not binding on the division or*
14 *the commission in the performance of their duties or*
15 *functions.*

16 *19815.8. The commission shall investigate the*
17 *following matters:*

18 *(a) The consequences, benefits, and disadvantages of*
19 *imposing a state tax on revenue generated by licensed*
20 *gambling establishments.*

21 *(b) Regulation of advertising for the purpose of*
22 *limiting exposure of children to materials promoting*
23 *gambling.*

24 *(c) The commission shall report its findings to the*
25 *Legislature and the Governor no later than January 1,*
26 *1998.*

27 *19816. The division shall furnish to the commission all*
28 *investigative and technical services as may be necessary*
29 *for the purpose of carrying out the commission's*
30 *functions.*

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

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

38 *(c) A majority of the membership of the commission*
39 *is a quorum of the commission. The concurring vote of*
40 *three members of the commission shall be required for*



1 any official action of the commission or for the exercise of
2 any of the commission's duties, powers, or functions.

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

13 19818. The Attorney General is legal counsel to, and
14 attorney for, the commission.

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

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

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

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

39 (e) Notwithstanding subdivision (k) of Section 1798.24
40 of the Civil Code, a court shall not compel disclosure of



1 *personal information in the possession of the division or*
2 *the commission to any person in any civil proceeding*
3 *wherein the division or the commission is not a party,*
4 *except for good cause and upon a showing that the*
5 *information cannot otherwise be obtained. Nothing*
6 *herein shall be construed to authorize the disclosure of*
7 *personal information that would otherwise be exempt*
8 *from disclosure.*

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

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

26 19822. *The responsibilities of the commission shall*
27 *include, without limitation, the following:*

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

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

39 (c) *For purposes of this section, “unqualified person”*
40 *means a person who is found by the commission to be*



1 *unqualified pursuant to the criteria set forth in Section*
2 *19848, and “disqualified person” means a person who is*
3 *found by the commission to be disqualified pursuant to*
4 *the criteria set forth in Section 19850.*

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

10 *(a) Require any person to apply for a license or*
11 *approval as specified in this chapter.*

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

17 *(c) Approve or disapprove transactions, events, and*
18 *processes as provided in this chapter.*

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

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

26 *(f) Grant temporary licenses or approvals on*
27 *appropriate terms and conditions.*

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

35 *19824. The division shall have all of the following*
36 *responsibilities:*

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



1 may recommend the denial or the limitation,
2 conditioning, or restriction of any license, approval, or
3 permission.

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

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

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

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

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

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

35 (A) Visit, investigate, and place expert accountants,
36 technicians, and any other persons, as it may deem
37 necessary, in all areas of the premises wherein controlled
38 gambling is conducted for the purpose of determining
39 compliance with the rules and regulations adopted
40 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 reasonable demand by the
12 licensee or the licensee's authorized representative, a
13 copy of all documents and records seized shall be made
14 and left on 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 any 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 Constitution.

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) Without limiting any privilege that is
24 otherwise available under law, any communication or
25 document from, or concerning, an applicant, licensee, or
26 registrant is absolutely privileged under the following
27 circumstances:

28 (1) It was made or published by an agent or employee
29 of the division or commission in the proper discharge of
30 official duties or in the course of any proceeding under
31 this chapter.

32 (2) It was required to be made or transmitted to the
33 division or commission, or any of its agents or employees
34 by law, regulation, or subpoena of the division or the
35 commission.

36 (3) It was made or transmitted to the division during
37 the course of an investigation conducted pursuant to this
38 chapter. No statement, and no publication of any
39 document, described in this subdivision, shall impose



1 *liability for defamation or constitute a ground for*
2 *recovery in any civil action.*

3 *(b) If any document or communication provided to*
4 *the division or commission contains any information that*
5 *is privileged pursuant to Division 8 (commencing with*
6 *Section 900) of the Evidence Code, or any other provision*
7 *of law, that privilege is not waived or lost because the*
8 *document or communication is disclosed to the division*
9 *or the commission or any of their agents or employees.*

10 *(c) The division, commission, and their agents and*
11 *employees shall not release or disclose any information,*
12 *documents, or communications provided by an applicant*
13 *or licensee that are privileged pursuant to Division 8*
14 *(commencing with Section 900) of the Evidence Code,*
15 *without the prior written consent of the applicant or*
16 *licensee, or pursuant to lawful court order after timely*
17 *notice of the proceedings has been given to the applicant*
18 *or licensee. An application to a court for an order*
19 *requiring the division or the commission to release any*
20 *information declared by law to be confidential shall be*
21 *made only upon motion made in writing on not less than*
22 *10 business days' notice to the division or the commission,*
23 *and to all persons who may be affected by the entry of the*
24 *order.*

25 *19828. Every district attorney, and every state and*
26 *local law enforcement agency, shall furnish to the*
27 *division, on forms prepared by the division, all*
28 *information obtained during the course of any substantial*
29 *investigation or prosecution of any person, as determined*
30 *by the division, if it appears that a violation of any law*
31 *related to gambling has occurred, including any violation*
32 *of Chapter 9 (commencing with Section 319) or Chapter*
33 *10 (commencing with Section 330) of Title 9 of Part 1 of*
34 *the Penal Code.*

35 *19829. There is an investigative account within the*
36 *Gambling Control Fund. All funds received for the*
37 *purpose of paying expenses incurred by the division for*
38 *investigation of an application for a license or approval*
39 *under this chapter shall be deposited in the account.*
40 *Expenses incurred by the division for those purposes may*



1 *be advanced from the investigative account to the*
2 *division by the director.*

3

4 *Article 3. Regulations*

5

6 *19830. (a) The commission may adopt regulations for*
7 *the administration and enforcement of this chapter. The*
8 *division may adopt regulations reasonably related to its*
9 *functions and duties as specified in this chapter. To the*
10 *extent appropriate, regulations of the commission and*
11 *division shall take into consideration the operational*
12 *differences of large and small establishments.*

13 *(b) Except as expressly provided in this chapter,*
14 *Chapter 3.5 (commencing with Section 11340) of Part 1*
15 *of Division 3 of Title 2 of the Government Code shall not*
16 *apply to any regulation adopted pursuant to this article.*
17 *Failure to comply with this article shall not affect the*
18 *validity of any regulation adopted by the commission or*
19 *the division, or any amendment or repeal of the*
20 *regulation, if there has been substantial compliance with*
21 *this article.*

22 *19831. (a) In emergencies, the commission or the*
23 *division may summarily adopt, amend, or repeal any*
24 *regulation, if, at the time, the commission or the division*
25 *makes a finding that the action is necessary for the*
26 *immediate preservation of the public peace, health,*
27 *safety, morals, good order, or general welfare, together*
28 *with a statement of the facts constituting the emergency.*

29 *(b) Regulations adopted by the commission or the*
30 *division on or before September 1, 1996, for the purpose*
31 *of implementing this chapter, shall be deemed to be*
32 *emergency regulations and shall take effect immediately*
33 *upon adoption.*

34 *(1) No regulation that is deemed to be an emergency*
35 *regulation solely by operation of this subdivision shall be*
36 *valid after July 1, 1997, unless the regulation has been*
37 *subsequently adopted by the commission or division,*
38 *following a public hearing, in accordance with this article.*



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

4 *19832. Regulations, except emergency regulations,*
5 *adopted by the commission or the division pursuant to*
6 *this article, including orders of repeal, shall be effective*
7 *upon the filing of a certified copy thereof with the*
8 *Secretary of State.*

9 *19833. Except as provided in Section 19831, the*
10 *commission and the division shall adopt, amend, and*
11 *repeal regulations in accordance with the following*
12 *procedures:*

13 *(a) At least 45 calendar days prior to the hearing, if*
14 *any, and at the close of the public comment period on the*
15 *adoption, amendment, or repeal of a regulation, notice of*
16 *the proposed action shall be mailed to every person who*
17 *has filed a request for notice of regulatory actions with the*
18 *commission, and may be mailed to any person or group*
19 *of persons who the commission or division believes to be*
20 *interested in the proposed action. The notice of proposed*
21 *adoption, amendment, or repeal of a regulation shall*
22 *include all of the following:*

23 *(1) A statement of the time, place, and nature of the*
24 *proceedings for adoption, amendment, or repeal of a*
25 *regulation.*

26 *(2) A reference to the particular code sections or*
27 *provisions of law that are being implemented,*
28 *interpreted, or made specific.*

29 *(3) An informative digest containing a concise and*
30 *clear summary of existing laws and regulations, if any,*
31 *related directly to the proposed action and the effect of*
32 *the proposed action.*

33 *(4) The name and telephone number of the employee*
34 *or officer to whom inquiries concerning the proposed*
35 *administrative action may be directed.*

36 *(5) The date by which comments submitted in writing*
37 *must be received to present statements, arguments, or*
38 *contentions in writing relating to the proposed action in*
39 *order for them to be considered by the commission or*
40 *division before it adopts, amends, or repeals a regulation.*



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

4 (b) If a public hearing is held, statements, arguments,
5 or contentions, either oral or in writing, or both, shall be
6 permitted. If a public hearing is not scheduled, the
7 commission, consistent with paragraph (5) of subdivision
8 (a), shall afford any interested person or his or her duly
9 authorized representative, the opportunity to present
10 statements, arguments, or contentions in writing. The
11 commission or division, as the case may be, shall consider
12 the comments of the controlled gambling industry, and
13 all other relevant matter presented to it before adopting,
14 amending, or repealing any regulation, including
15 emergency regulations. In any hearing held under this
16 subdivision, the commission or the division, as the case
17 may be, or the authorized representative of either, may
18 administer oaths or affirmations. The commission or
19 division, as the case may be, may continue or postpone a
20 hearing from time to time, to the time and place it
21 determines. However, if a hearing is continued or
22 postponed, the commission or division, as the case may
23 be, shall provide notice to the public advising when the
24 hearing will be resumed or rescheduled.

25 (c) A public hearing shall be held if, no later than 15
26 calendar days prior to the close of the written comment
27 period, a written request for a public hearing is filed with
28 the commission or the division. Notwithstanding the
29 foregoing, no public hearing shall be required if,
30 following submission of the written request, the
31 commission or the division determines that the proposed
32 regulation is of a technical or nonsubstantive nature and
33 that submission of written comments is sufficient.

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

38 (1) The substance or nature of the regulation,
39 amendment, or repeal requested.

40 (2) The reasons for the request.



1 (3) Reference to the authority of the commission or
2 division to take the action requested.

3 (e) Upon receipt of a petition described in subdivision
4 (d), the commission or division, as the case may be, within
5 30 days, shall deny the request in writing or schedule the
6 matter for action in accordance with subdivision (a).

7 19834. Regulations of the commission shall include all
8 of the following:

9 (a) Concerning applications, registrations,
10 investigations, and fees, including, but not limited to,
11 regulations as follows:

12 (1) Prescribing the method and form of application
13 and registration.

14 (2) Prescribing the information to be furnished by any
15 applicant, licensee, or registrant concerning, as
16 appropriate, the person's personal history, habits,
17 character, associates, criminal record, business activities,
18 organizational structure, and financial affairs, past or
19 present.

20 (3) Prescribing the information to be furnished by an
21 owner licensee relating to the licensee's gambling
22 employees.

23 (4) Requiring fingerprinting or other methods of
24 identification of an applicant, licensee, or employee of a
25 licensee.

26 (5) Prescribing the manner and method of collection
27 and payment of fees and issuance of licenses.

28 (b) Providing for the approval of game rules and
29 equipment by the commission to ensure fairness to the
30 public and compliance with state laws.

31 (c) Governing the manufacture, sale, and distribution
32 of gambling equipment.

33 (d) Implementing the provisions of this chapter
34 relating to licensing.

35 (e) Requiring owner licensees to report and keep
36 records of transactions, as determined by the commission,
37 involving cash or credit.

38 (f) Providing for the receipt of protests and written
39 comments on an application by public agencies, public
40 officials, local governing bodies, or residents of the



1 location of the gambling establishment or future
2 gambling establishment.

3 (g) Providing for the disapproval of advertising by
4 licensed gambling establishments that is determined by
5 the commission to be deceptive to the public.
6 Advertisement that appeals to children, promotes the
7 theme of family entertainment, or offers gambling as a
8 means of becoming wealthy is presumptively deceptive.

9 (h) Governing all of the following:

10 (1) The extension of credit.

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

13 (3) The verification of identification in monetary
14 transactions.

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

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

21 (2) Prescribing the manner in which compensation
22 from games and gross revenue shall be computed and
23 reported by an owner licensee.

24 (3) The provision of reliable records, accounts, and
25 reports of transactions, operations, and events, including
26 reports to the division and the commission.

27 (j) Providing for the adoption and use of internal
28 audits, whether by qualified internal auditors or by
29 certified public accountants. As used in this subdivision,
30 “internal audit” means a type of control that operates
31 through the testing and evaluation of other controls and
32 that is also directed toward observing proper compliance
33 with the minimum standards of control prescribed in
34 subdivision (i).

35 (k) Requiring periodic financial reports from each
36 owner licensee.

37 (l) Specifying standard forms for reporting financial
38 conditions, results of operations, and other relevant
39 financial information.



1 (m) Formulating a uniform code of accounts and
2 accounting classifications to ensure consistency,
3 comparability, and effective disclosure of financial
4 information.

5 (n) Prescribing intervals at which the information in
6 subdivisions (k) to (m), inclusive, shall be furnished to
7 the commission.

8 (o) Requiring audits to be conducted in accordance
9 with generally accepted auditing standards, of the
10 financial statements of all owner licensees whose annual
11 gross revenues equal or exceed a specified sum. However,
12 nothing herein shall be construed to limit the
13 commission's authority to require audits of any owner
14 licensee. Audits, compilations, and reviews provided for
15 in this subdivision shall be made by independent certified
16 public accountants licensed to practice in this state.

17 (p) Restricting, limiting, or otherwise regulating any
18 activity that is related to the conduct of controlled
19 gambling, consistent with the purposes of this chapter.

20 (q) Defining and limiting the area, games, and
21 equipment permitted, or the method of operation of
22 games and equipment, when, at the request of a sheriff
23 or district attorney, the commission determines that local
24 regulation of these subjects is insufficient to protect the
25 health, safety, or welfare of residents in geographical
26 areas proximate to a gambling establishment.

27 19835. (a) The commission shall, by regulation,
28 provide for the formulation of a list of persons who are to
29 be excluded or ejected from any gambling establishment.
30 The list may include any person whose presence in the
31 establishment is determined by the commission to pose
32 a threat to the interests of this state or to controlled
33 gambling, or both.

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

37 (1) Prior conviction of a crime that is a felony in this
38 state or under the laws of the United States, a crime
39 involving moral turpitude, or a violation of the gambling
40 laws of this or any other state.



1 (2) *The violation of, or conspiracy to violate, the*
2 *provisions of this chapter relating to the failure to disclose*
3 *an interest in a gambling establishment for which the*
4 *person is required to obtain a license, or the willful*
5 *evasion of fees.*

6 (3) *A notorious or unsavory reputation that would*
7 *adversely affect public confidence and trust that the*
8 *gambling industry is free from criminal or corruptive*
9 *elements.*

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

12 (c) *The commission shall distribute the list of persons*
13 *who are to be excluded or ejected from any gambling*
14 *establishment to all owner licensees and shall provide*
15 *notice to any persons included on the list.*

16 (d) *The commission shall adopt regulations*
17 *establishing procedures for hearing petitions by persons*
18 *who are ejected or excluded from licensed premises*
19 *pursuant to this section or pursuant to Section 19835.5.*

20 (e) *The commission may revoke, limit, condition, or*
21 *suspend the license of an owner; or fine an owner*
22 *licensee, if that licensee knowingly fails to exclude or*
23 *eject from the gambling establishment of that licensee*
24 *any person included on the list of persons to be excluded*
25 *or ejected.*

26 19835.5. (a) *A licensee may remove from his or her*
27 *licensed premises any person who, while on the premises:*

28 (1) *Is a disorderly person, as defined by Section 647 of*
29 *the Penal Code.*

30 (2) *Interferes with a lawful gambling operation.*

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

32 (4) *Begs, is boisterous, or is otherwise offensive to*
33 *other persons.*

34 (5) *Commits any public offense.*

35 (6) *Is intoxicated.*

36 (7) *Is a person who the commission, by regulation, has*
37 *determined should be excluded from licensed gambling*
38 *establishments in the public interest.*

39 (b) *Nothing in this section shall be deemed, expressly*
40 *or impliedly, to preclude a licensee from exercising the*



1 right to deny access to or to remove any person from its
2 premises or property for any reason the licensee deems
3 appropriate.

4
5 Article 4. Licensing
6

7 19840. Every person who, either as owner, lessee, or
8 employee, whether for hire or not, either solely or in
9 conjunction with others, deals, operates, carries on,
10 conducts, maintains, or exposes for play any controlled
11 game in this state, or who receives, directly or indirectly,
12 any compensation or reward, or any percentage or share
13 of the money or property played, for keeping, running, or
14 carrying on any controlled game in this state, shall obtain,
15 and thereafter maintain a valid state gambling license,
16 key employee license, or work permit, as specified in this
17 chapter. In any criminal prosecution for violation of this
18 section, the punishment shall be as provided in Section
19 337j of the Penal Code.

20 19840.5. (a) The owner of a gambling enterprise shall
21 apply for and obtain a state gambling license.

22 (b) Other persons who also obtain a state gambling
23 license, or key employee license, as required by this
24 chapter, shall not receive a separate license certificate,
25 but the license of every such person shall be endorsed on
26 the license that is issued to the owner of the gambling
27 enterprise.

28 19841. An owner of a gambling enterprise that is not
29 a natural person shall not be eligible for a state gambling
30 license unless each of the following persons individually
31 applies for and obtains a state gambling license:

32 (a) If the owner is a corporation, then each officer,
33 director, and shareholder, other than a holding or
34 intermediary company, of the owner.

35 (b) If the owner is a partnership, then every general
36 and limited partner of, and every trustee or person, other
37 than a holding or intermediary company, having or
38 acquiring a direct or beneficial interest in, that
39 partnership owner.

1 (c) If the owner is a trust, then the trustee, every
2 beneficiary, and, in the discretion of the commission, the
3 trustor of the trust.

4 (d) If the owner is a business organization other than
5 a corporation, partnership, or trust, then all those persons
6 as the commission may require, consistent with this
7 chapter.

8 (e) Each officer, employee, director, general partner,
9 principal, shareholder, and trustee or direct or beneficial
10 owner of any interest in any holding company or
11 intermediary company who is, or is to become, engaged
12 in the administration or supervision of, or has any other
13 significant involvement with, the gambling activities of
14 the owner.

15 (f) Each person who receives, or is to receive, any
16 percentage share of the revenue earned by the owner
17 from gambling activities.

18 (g) Every employee, agent, guardian, personal
19 representative, lender, or holder of indebtedness of the
20 owner who, in the judgment of the commission, has the
21 power to exercise a significant influence over the
22 gambling operation.

23 19842. The commission, by regulation or order, may
24 require that the following persons register with the
25 commission, apply for a finding of suitability, or apply for
26 a gambling license:

27 (a) Any person who furnishes any services or any
28 property to a gambling enterprise under any
29 arrangement whereby that person receives payments
30 based on earnings, profits, or receipts from controlled
31 gambling.

32 (b) Any person who owns an interest in the premises
33 of a licensed gambling establishment or in real property
34 used by a licensed gambling establishment.

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

37 (d) Any person who is an independent agent of, or
38 does business with, a gambling enterprise as a ticket
39 purveyor, a tour operator, the operator of a bus program,
40 or the operator of any other type of travel program or



1 *promotion operated with respect to a licensed gambling*
2 *establishment.*

3 (e) *Any person who provides any goods or services to*
4 *a gambling enterprise for compensation that the*
5 *commission finds to be grossly disproportionate to the*
6 *value of the goods or services provided.*

7 (f) *Any person who the commission determines*
8 *receives payments from a holding company or*
9 *intermediary company computed on the basis of the*
10 *earnings or profits of the holding company or*
11 *intermediary company or on the basis of the receipts from*
12 *controlled gambling of a subsidiary corporate owner*
13 *licensee of the holding company or intermediary*
14 *company, if the commission has reason to believe that the*
15 *person's receipt of payment would otherwise be*
16 *inconsistent with the policy of this chapter.*

17 (g) *Every person who, in the judgment of the*
18 *commission, has the power to exercise a significant*
19 *influence over the gambling operation.*

20 19843. (a) *As used in this section, the following*
21 *definitions apply:*

22 (1) *"Bank" means a national banking association that*
23 *has its chief place of business in this state, a banking*
24 *corporation formed under the laws of this state, or a trust*
25 *company formed under the laws of this state that has its*
26 *chief place of business in this state.*

27 (2) *"Fiduciary" means an executor, an administrator,*
28 *a special administrator, a trustee of an inter vivos trust, a*
29 *trustee of a testamentary trust, an escrow agent, a*
30 *depository, or any combination thereof.*

31 (3) *"Institutional investor" means any retirement*
32 *fund administered by a public agency for the exclusive*
33 *benefit of federal, state, or local public employees, any*
34 *investment company registered under the Investment*
35 *Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.), any*
36 *collective investment trust organized by banks under*
37 *Part Nine of the Rules of the Comptroller of the*
38 *Currency, any closed-end investment trust, any*
39 *chartered or licensed life insurance company or property*
40 *and casualty insurance company, any banking and other*



1 chartered or licensed lending institution, any investment
2 advisor registered under the Investment Advisors Act of
3 1940 (15 U.S.C. Sec. 80b-1 et seq.) acting in that capacity,
4 and such other persons as the commission may determine
5 for reasons consistent with the policies of this chapter.

6 (b) The commission may exempt an institutional
7 investor or a bank acting as a fiduciary from all, or any
8 portion of, the licensing and registration provisions of this
9 chapter.

10 (c) The commission may grant, deny, limit, condition,
11 restrict, revoke, or suspend any exemption or application
12 for exemption pursuant to subdivision (b) for any cause
13 deemed reasonable by the commission.

14 (d) An exemption granted pursuant to subdivision (b)
15 is a revocable privilege, and no person may acquire any
16 vested rights therein or thereunder.

17 19844. (a) Every key employee shall apply for and
18 obtain a key employee license.

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

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

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

28 19845. (a) Any person who manufactures or
29 distributes, or proposes to manufacture or distribute, for
30 use within the territorial boundaries of this state, any
31 gambling equipment to be used in connection with
32 controlled gambling, shall apply for and obtain a
33 manufacturer's or distributor's license in accordance with
34 commission regulations.

35 (b) The commission, by regulation, shall provide for
36 the following:

37 (1) The inspection, testing, and approval of gambling
38 equipment to be used within the territorial boundaries of
39 this state in connection with controlled gambling by any



1 person applying for or holding a license pursuant to
2 subdivision (a).

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

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

10 19846. (a) Every person who, by statute or
11 regulation, is required to hold a state license shall obtain
12 the license prior to engaging in the activity or occupying
13 the position with respect to which the license is required.
14 Every person who, by order of the commission, is
15 required to apply for a gambling license or a finding of
16 suitability shall file the application within 30 calendar
17 days after receipt of the commission's order.

18 19847. (a) Any person who the commission
19 determines is qualified to receive a state license,
20 including a manufacturer's or distributor's license, having
21 due consideration for the proper protection of the health,
22 safety, and general welfare of the residents of the State of
23 California and the declared policy of this state, may be
24 issued a license. The burden of proving his or her
25 qualification to receive any license is on the applicant.

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

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

38 19848. No gambling license or manufacturer's or
39 distributor's license shall be issued unless, based on all of
40 the information and documents submitted, the



1 *commission is satisfied that the applicant is all of the*
2 *following:*

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

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

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

14 *19850. The commission shall deny a license to any*
15 *applicant who is disqualified for any of the following*
16 *reasons:*

17 *(a) Failure of the applicant to clearly establish*
18 *eligibility and qualification in accordance with this*
19 *chapter.*

20 *(b) Failure of the applicant to provide information,*
21 *documentation, and assurances required by this chapter*
22 *or requested by the director, or failure of the applicant to*
23 *reveal any fact material to qualification, or the supplying*
24 *of information that is untrue or misleading as to a material*
25 *fact pertaining to the qualification criteria.*

26 *(c) Conviction of the applicant for any crime*
27 *punishable as a felony.*

28 *(d) Conviction of the applicant for any misdemeanor*
29 *involving dishonesty or moral turpitude within the*
30 *10-year period immediately preceding the submission of*
31 *the application, unless the applicant has been granted*
32 *relief pursuant to Section 1203.4, 1203.4a, or 1203.45 of the*
33 *Penal Code.*

34 *(e) Association of the applicant with criminal*
35 *profiteering activity or organized crime, as defined by*
36 *Section 186.2 of the Penal Code.*

37 *(f) Contumacious defiance by the applicant of any*
38 *legislative investigatory body, or other official*
39 *investigatory body of any state or of the United States,*
40 *when that body is engaged in the investigation of crimes*



1 relating to gambling; official corruption related to
2 gambling activities; or criminal profiteering activity or
3 organized crime, as defined by Section 186.2 of the Penal
4 Code.

5 (g) The applicant is less than 21 years of age.

6 19851. The commission shall deny a gambling license
7 with respect to any gambling establishment that is
8 located in a city, county, or city and county that does not
9 have an ordinance governing all of the following matters:

10 (a) The hours of operation of gambling
11 establishments.

12 (b) Patron security and safety in and around the
13 gambling establishments.

14 (c) The location of gambling establishments.

15 (d) Wagering limits in gambling establishments.

16 (e) The number of gambling tables in each gambling
17 establishment and in the jurisdiction.

18 19851.5. On and after the effective date of this
19 chapter, no license shall be issued with respect to any
20 gambling establishment unless the establishment satisfies
21 one or the other of the following criteria:

22 (a) The gambling establishment is located in a city,
23 county, or city and county wherein, after January 1, 1984,
24 an ordinance was adopted by the electors of the city,
25 county, or city and county, in an election conducted
26 pursuant to former Section 19819 of the Business and
27 Professions Code, as that section read immediately prior
28 to its repeal by the act that enacted this chapter.

29 (b) The gambling establishment is located in a city,
30 county, or city and county wherein, prior to January 1,
31 1984, there was in effect an ordinance authorizing the
32 operation of one or more cardrooms and at least one
33 cardroom was lawfully operating within the city, county,
34 or city and county pursuant to that ordinance.

35 19852. In addition to other grounds stated in this
36 chapter, the commission may deny a gambling license for
37 any of the following reasons:

38 (a) If issuance of the license with respect to the
39 proposed gambling establishment or expansion would
40 tend unduly to create law enforcement problems in a city,



1 county, or city and county other than the city, county, or
2 city and county that has regulatory jurisdiction over the
3 applicant's premises.

4 (b) If issuance of the license with respect to the
5 proposed gambling establishment or expansion would
6 create an undue concentration of gambling
7 establishments in the relevant market area, as
8 determined by the commission, and the applicant fails to
9 show that public convenience or necessity would be
10 served by issuance of the license.

11 (c) If issuance of the license is sought in respect to a
12 new gambling establishment, or the expansion of an
13 existing gambling establishment, that is to be located or
14 is located near an existing school, an existing building
15 used primarily as a place of worship, an existing
16 playground or other area of juvenile congregation, an
17 existing hospital, convalescence facility, or near another
18 similarly unsuitable area, as determined by regulation of
19 the commission, which is located in a city, county, or city
20 and county other than the city, county, or city and county
21 that has regulatory jurisdiction over the applicant's
22 gambling premises.

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

28 19853. (a) Application for a state license or other
29 commission action shall be made to the commission on
30 forms furnished by the commission.

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

33 (1) The name of the proposed licensee.

34 (2) The name and location of the proposed gambling
35 establishment.

36 (3) The gambling games proposed to be conducted.

37 (4) The names of all persons directly or indirectly
38 interested in the business and the nature of their interest.

39 (5) A description of the proposed gambling
40 establishment and operation.



1 (6) Any other information and details the commission
2 may require in order to discharge its duty properly.

3 (c) The application for a manufacturer's or
4 distributor's license shall include information required by
5 regulations adopted by the commission.

6 19853.5. The division shall furnish to the applicant
7 supplemental forms, which the applicant shall complete
8 and file with the division. These supplemental forms shall
9 require, but shall not be limited to requiring, complete
10 information and details with respect to the applicant's
11 personal history, habits, character, criminal record,
12 business activities, financial affairs, and business
13 associates, covering at least a 10-year period immediately
14 preceding the date of filing of the application.

15 19854. An applicant for licensing or for any approval
16 or consent required by this chapter, shall make full and
17 true disclosure of all information to the division or
18 commission as necessary to carry out the policies of this
19 state relating to licensing, registration, and control of
20 gambling.

21 19855. (a) An application for a license shall be
22 accompanied by the deposit of a sum of money which, in
23 the judgment of the director, will be adequate to pay the
24 anticipated costs and charges incurred in the
25 investigation and processing of the application. The
26 director shall adopt a schedule of costs and charges of
27 investigation for use as guidelines in fixing the amount of
28 any required deposit under this section.

29 (b) During an investigation, the director may require
30 an applicant to deposit any additional sums as are
31 required by the division to pay final costs and charges of
32 the investigation.

33 (c) Any money received from an applicant in excess of
34 the costs and charges incurred in the investigation or the
35 processing of the application shall be refunded pursuant
36 to regulations adopted by the division. At the conclusion
37 of the investigation, the director shall provide the
38 applicant a written accounting of the costs and charges so
39 incurred.

1 19856. (a) Within a reasonable time after the filing of
2 an application and any supplemental information the
3 division may require, and the deposit of any fee required
4 pursuant to Section 19855, the division shall commence its
5 investigation of the applicant and, for that purpose, may
6 conduct any proceedings it deems necessary. To the
7 extent practicable, all applications shall be acted upon
8 within 180 calendar days of the date of submission of a
9 completed application. If an investigation has not been
10 concluded within 180 days after the date of submission of
11 a completed application, the division shall inform the
12 applicant in writing of the status of the investigation and
13 shall also inform the applicant of the estimated date on
14 which the investigation may reasonably be expected to be
15 concluded.

16 (b) If denial of the application is recommended, the
17 director shall prepare and file with the commission his or
18 her written reasons upon which the recommendation is
19 based.

20 (1) Prior to filing his or her recommendation with the
21 commission, the director shall meet with the applicant, or
22 the applicant's duly authorized representative, and
23 inform him or her generally of the basis for any proposed
24 recommendation that the application be denied,
25 restricted, or conditioned.

26 (2) Not less than 10 business days prior to the
27 commission meeting at which the application is to be
28 considered, the division shall deliver to the applicant a
29 summary of the director's final report and
30 recommendation.

31 (3) Nothing herein shall require the division to divulge
32 to the applicant any confidential information received
33 from any law enforcement agency or any information
34 received from any person with assurances that the
35 information would be maintained confidential, and
36 nothing herein shall require the division to divulge any
37 information that might reveal the identity of any
38 informer or jeopardize the safety of any person.

39 19857. A request for withdrawal of any application
40 may be made at any time prior to final action upon the



1 application by the division by the filing of a written
2 request to withdraw with the commission. For purposes
3 of this section, final action by the division means a final
4 determination by the director regarding his or her
5 recommendation on the application to the commission.
6 The commission shall not grant the request unless the
7 applicant has established that withdrawal of the
8 application would be consistent with the public interest
9 and the policies of this chapter. If a request for
10 withdrawal is denied, the division may proceed with its
11 investigation and make a recommendation to the
12 commission upon the application, and the commission
13 may act upon the application as if no request for
14 withdrawal had been made. If a request for withdrawal
15 is granted with prejudice, the applicant thereafter shall
16 be ineligible to renew its application until the expiration
17 of one year from the date of the withdrawal. Unless the
18 commission shall otherwise direct, no fee or other
19 payment relating to any application is refundable by
20 reason of withdrawal of an application.

21 19858. (a) The commission, after considering the
22 recommendation of the director and such other
23 testimony and written comments as may be presented at
24 the meeting, or as may have been submitted in writing to
25 the commission prior to the meeting, may do one of the
26 following:

27 (1) Deny the application.

28 (2) Grant a license to an applicant who it determines
29 to be eligible and qualified to hold the license.

30 (3) Return the application to the division for the
31 purpose of further investigation.

32 (b) When the commission grants an application for a
33 license or approval, the commission may limit or place
34 restrictions thereon as it may deem necessary in the
35 public interest, consistent with the policies described in
36 this chapter.

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

1 (d) All proceedings at a meeting of the commission
2 relating to a license application shall be recorded
3 stenographically or on audio tape.

4 (e) A decision of the commission denying a license or
5 approval, or imposing any condition or restriction on the
6 grant of a license or approval, may be reviewed by
7 petition filed pursuant to Section 1085 of the Code of Civil
8 Procedure. Section 1094.5 of the Code of Civil Procedure
9 shall not apply to any judicial proceeding described in the
10 foregoing sentence, and the court may grant the petition
11 only if the court finds that the action of the commission
12 was arbitrary and capricious, or that the action exceeded
13 the commission's jurisdiction.

14 19858.5. (a) The meeting described in subdivision
15 (a) of Section 19858 shall be conducted in accordance
16 with regulations of the commission and as follows:

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

19 (2) Each party shall have these rights:

20 (A) To call and examine witnesses.

21 (B) To introduce exhibits relevant to the issues of the
22 case.

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

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

28 (E) To offer rebuttal evidence.

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

32 (4) The meeting need not be conducted according to
33 technical rules relating to evidence and witnesses. Any
34 relevant evidence may be considered, and is sufficient in
35 itself to support a finding, if it is the sort of evidence on
36 which responsible persons are accustomed to rely in the
37 conduct of serious affairs, regardless of the existence of
38 any common law or statutory rule that might make
39 improper the admission of that evidence over objection
40 in a civil action.



1 (b) Nothing herein shall be construed to confer upon
2 an applicant a right to discovery of the division's
3 investigative reports or to require disclosure of any
4 document or information the disclosure of which is
5 otherwise prohibited by any other provision of this
6 chapter.

7 19858.7. (a) No member of the commission may
8 communicate ex parte, directly or indirectly, with any
9 applicant, or any agent, representative, or person acting
10 on behalf of an applicant, upon the merits of an
11 application for a license, permit, registration, or approval
12 while the application is pending disposition before the
13 division or the commission.

14 (b) No applicant, or any agent, representative, or
15 person acting on behalf of an applicant, and no person
16 who has a direct or indirect interest in the outcome of a
17 proceeding to consider an application for a license,
18 permit, registration, or approval may communicate ex
19 parte, directly or indirectly, with any member of the
20 commission, upon the merits of the application while the
21 application is pending disposition before the commission.

22 (c) The receipt by a member of the commission of an
23 ex parte communication prohibited by this subdivision, or
24 the attempt to so communicate, may provide the basis for
25 disqualification of that member or the denial of the
26 application. The commission shall adopt regulations to
27 implement this subdivision.

28 (4) For purposes of this subdivision, "ex parte" means
29 a communication without notice and opportunity for all
30 parties to participate in the communication.

31 19859. No license may be assigned or transferred
32 either in whole or in part.

33 19860. Subject to subdivision (b) of Section 19840.5,
34 the commission shall issue and deliver to the applicant a
35 license entitling the applicant to engage in the activity for
36 which the license was issued, together with an
37 enumeration of any specific terms, conditions, or
38 restrictions of the license if both of the following
39 conditions have been met:



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

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

5 19861. An owner's gambling license, including all
6 current endorsements thereon, shall be posted at all times
7 in a conspicuous place in the area where gambling is
8 conducted in the establishment for which the license is
9 issued until it is replaced by a succeeding license.

10 19862. (a) Subject to the power of the commission to
11 deny, revoke, suspend, condition, or limit any licenses, a
12 license shall be renewed annually by the commission
13 from the date of issuance, upon proper application for
14 renewal and payment of state license fees as required by
15 statute or regulation.

16 (b) An application for renewal of a gambling license
17 shall be filed by the owner licensee with the commission
18 no later than 120 calendar days prior to the expiration of
19 the current license, and all license fees shall be paid to the
20 commission on or before the expiration of the current
21 license. The commission shall act upon any application for
22 renewal prior to the date of expiration of the current
23 license. Upon renewal of any owner license, the
24 commission shall issue an appropriate renewal certificate
25 or validating device or sticker.

26 (c) Unless the commission determines otherwise,
27 renewal of an owner's gambling license shall be deemed
28 to effectuate the renewal of every other gambling license
29 endorsed thereon.

30 (d) In addition to the penalties provided by law, any
31 owner licensee who deals, operates, carries on, conducts,
32 maintains, or exposes for play any gambling game after
33 the expiration date of the gambling license is liable to the
34 state for all license fees and penalties that would have
35 been due upon renewal.

36 (e) If an owner licensee fails to renew the gambling
37 license as provided in this chapter, the commission may
38 order the immediate closure of the premises and a
39 cessation of all gambling activity therein until the license
40 is renewed.



1 19862.5. Failure of an owner licensee to file an
2 application for renewal before the date specified in this
3 chapter may be deemed a surrender of the license. A
4 license has not been renewed within the meaning of this
5 section until all required renewal fees have been paid.

6 19863. (a) Neither an owner licensee, nor a
7 California affiliate of an owner licensee, shall enter into,
8 without prior approval of the commission, any contract or
9 agreement with a person who is denied a license, or
10 whose license is suspended or revoked by the
11 commission, or with any business enterprise under the
12 control of that person, after the date of receipt of notice
13 of the action by the division. Neither an owner licensee,
14 nor a California affiliate of an owner licensee, shall,
15 without prior approval of the commission, enter into any
16 contract or agreement with a person whose application
17 has been withdrawn with prejudice, or with any business
18 enterprise under the control of that person, for the period
19 of time during which the person is prohibited from filing
20 a new application for licensure.

21 (b) An owner licensee or an affiliate of the owner
22 licensee shall not employ, without prior approval of the
23 commission, any person in any capacity for which he or
24 she is required to be licensed, if the person has been
25 denied a license, or if his or her license has been
26 suspended or revoked by the commission after the date
27 of receipt of notice of the action by the division. Neither
28 an owner licensee, nor a California affiliate of an owner
29 licensee, shall, without prior approval of the commission,
30 employ any person whose application has been
31 withdrawn with prejudice for the period of time during
32 which the person is prohibited from filing a new
33 application for licensure.

34 (c) (1) If an employee who is required to be licensed
35 pursuant to this chapter fails to apply for a license within
36 the time specified by regulation, is denied a license, or has
37 his or her license revoked by the commission, the
38 employee shall be terminated in any capacity in which he
39 or she is required to be licensed and shall not be
40 permitted to exercise a significant influence over the



1 gambling operation, or any part thereof, upon being
2 notified of that action.

3 (2) If an employee who is required to be licensed
4 pursuant to this chapter has his or her license suspended,
5 the employee shall be suspended in any capacity in which
6 he or she is required to be licensed and shall not be
7 permitted to exercise a significant influence over the
8 gambling operation, or any part thereof, during the
9 period of suspension, upon being notified of that action.

10 (3) If the owner licensee designates another employee
11 to replace the employee whose employment was
12 terminated, the owner licensee shall promptly notify the
13 commission and shall require the newly designated
14 employee to apply for a license.

15 (d) An owner licensee or an affiliate of the owner
16 licensee shall not pay to a person whose employment has
17 been terminated pursuant to subdivision (c) any
18 remuneration for any service performed in any capacity
19 in which the person is required to be licensed except for
20 amounts due for services rendered before the date of
21 receipt of notice of the action by the division. Neither an
22 owner licensee, nor an affiliate thereof, during the period
23 of suspension, shall pay to a person whose employment
24 has been suspended pursuant to subdivision (c), any
25 remuneration for any service performed in any capacity
26 in which the person is required to be licensed, except for
27 amounts due for services rendered before the date of
28 receipt of notice of the action by the division.

29 (e) Except as provided in subdivision (c), a contract or
30 agreement for the provision of services or property to an
31 owner licensee or an affiliate thereof, or for the conduct
32 of any activity at a gambling establishment, which is to be
33 performed by a person required by this chapter or by the
34 commission to be licensed, shall be terminated upon a
35 suspension or revocation of the person's license, or the
36 withdrawal with prejudice of his or her application for a
37 license.

38 (f) In any case in which a contract or agreement for
39 the provision of services or property to an owner licensee
40 or an affiliate thereof, or for the conduct of any activity



1 at a gambling establishment, is to be performed by a
2 person required by this chapter or by the commission to
3 be licensed, the contract shall be deemed to include a
4 provision for its termination without liability on the part
5 of the owner licensee or its duly registered holding
6 company upon a suspension or revocation of the person's
7 license, or upon the withdrawal with prejudice of the
8 person's application for a license. In any action brought
9 by the division to terminate a contract pursuant to
10 subdivision (c) or (e), it shall not be a defense that the
11 agreement does not expressly include the provision
12 described in this subdivision, and the lack of express
13 inclusion of the provision in the agreement shall not be
14 a basis for enforcement of the contract by a party thereto.

15 19864. With regard to a person who has had his or her
16 application for a license denied by the commission, all of
17 the following shall apply:

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

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

25 (c) The person shall not accept more for his or her
26 interest in a business entity described in subdivision (a)
27 than he or she paid for it, or the market value on the date
28 of the denial of the license or registration, whichever is
29 higher.

30 (d) The person shall thereafter be ineligible to file a
31 new application until the expiration of one year from the
32 date of the denial.

33 (e) Nothing in this section shall be construed as a
34 restriction or limitation on the powers of the commission
35 specified in this chapter.

36

37 Article 5. Licensing of Corporations

38

39 19870. In addition to the requirements of Section
40 19841, in order to be eligible to receive a gambling license



1 *as the owner of a gambling enterprise, a corporation shall*
2 *comply with all of the following requirements:*

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

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

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

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

14 *(1) At all times reflects the ownership of every class of*
15 *security issued by the corporation.*

16 *(2) Is available for inspection by the division at all*
17 *reasonable times without notice.*

18 *(e) Register as a corporation with the commission and*
19 *supply all of the following supplemental information to*
20 *the division:*

21 *(1) The organization, financial structure, and nature*
22 *of the business to be operated, including the names,*
23 *personal and criminal history and fingerprints of all*
24 *officers, directors, and key employees, and the names,*
25 *addresses, and number of shares held by all stockholders.*

26 *(2) The rights and privileges acquired by the holders*
27 *of different classes of authorized securities, including*
28 *debentures.*

29 *(3) The terms on which securities are to be offered.*

30 *(4) The terms and conditions on all outstanding loans,*
31 *mortgages, trust deeds, pledges, or any other*
32 *indebtedness or security device.*

33 *(5) The extent of the equity security holdings in the*
34 *corporation of all officers, directors, and underwriters,*
35 *and their remuneration as compensation for services, in*
36 *the form of salary, wages, fees, or otherwise.*

37 *(6) The amount of remuneration to persons other than*
38 *directors and officers in excess of fifty thousand dollars*
39 *(\$50,000) per annum.*

40 *(7) Bonus and profit-sharing arrangements.*



1 (8) *Management and service contracts.*

2 (9) *Options existing, or to be created, in respect of*
3 *their securities or other interests.*

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

11 (11) *Any further financial data that the division may*
12 *deem necessary or appropriate for the protection of the*
13 *state.*

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

18 19871. (a) *No corporation, the shares of which are*
19 *publicly traded, is eligible to receive a license to own a*
20 *gambling enterprise.*

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

25 (c) *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 three fiscal years*
20 *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 the*
33 *return is filed with the Internal Revenue Service.*

34 1988I. *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.

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1 *Article 7. Holding Companies*

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19886. The division may make any investigations concerning the officers, directors, underwriters, security holders, partners, principals, trustees, or direct or beneficial owners of any interest in any holding company or intermediary company that it deems necessary, either at the time of initial registration, or at any time thereafter.

19887. The commission may selectively impose on any holding company or intermediary company any registration, reporting, or approval requirement not inconsistent with this chapter, which it deems necessary in the public interest, including requirements that are more stringent than are imposed by this article.

19890. (a) If a corporation or limited partnership applying for or holding an owner license is a subsidiary, or before the corporation or limited partnership becomes a subsidiary, each existing or prospective holding company or intermediary company with respect thereto, shall qualify to do business in this state, register with the commission, and supply the division the following supplemental information:

(1) The organization, financial structure, and nature of the business to be operated, including the names, personal history, and fingerprints of all officers, directors, general partners, trustees, and key employees, and the names, addresses, and number of shares or interests held by all stockholders or holders of interests.

(2) The rights and privileges acquired by the holders of different classes of authorized securities or interests, including debentures.

(3) The terms on which securities or interests are to be, and during the preceding three years have been, 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 holding in the corporation of all officers, directors, and underwriters, partners, principals, managers, members, trustees or any



1 *direct or beneficial owner, and their remuneration as*
2 *compensation for services, in the form of salary, wages,*
3 *fees, or otherwise.*

4 (6) *The remuneration to persons other than directors*
5 *and officers in excess of fifty thousand dollars (\$50,000)*
6 *per annum.*

7 (7) *Bonus and profit-sharing arrangements.*

8 (8) *Management and service contracts.*

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

11 (10) *Financial statements for at least three fiscal years*
12 *preceding the year of registration, or, if the corporation*
13 *has not been in existence for a period of three years,*
14 *financial statements from the date of its formation. All*
15 *financial statements shall be prepared in accordance with*
16 *generally accepted accounting principles and audited by*
17 *an independent, certified, or licensed public accountant*
18 *in accordance with generally accepted auditing*
19 *standards.*

20 (11) *Any further financial data that the division deems*
21 *necessary or appropriate for the protection of the state.*

22 (12) *An annual profit-and-loss statement and an*
23 *annual balance sheet, and a copy of its annual federal*
24 *income tax return, within 30 calendar days after the*
25 *return is filed with the Internal Revenue Service.*

26 (b) *If the commission denies a license to any person*
27 *owning, controlling, or holding with power to vote all or*
28 *any part of any class of security of, or any interest in, any*
29 *holding company or intermediary company, it shall notify*
30 *the denied person and the holding company or*
31 *intermediary company. The denied person shall*
32 *immediately offer the security to the issuing corporation,*
33 *or the interest to the firm, partnership, trust, or other*
34 *business organization, for purchase. The corporation shall*
35 *purchase the security so offered, or the firm, partnership,*
36 *trust, or other business organization shall purchase the*
37 *interest so offered, for cash at not greater than fair market*
38 *value within 30 calendar days after the date of the offer.*

1 (c) Beginning upon the date the commission serves
2 notice of a denial described in subdivision (b), it is
3 unlawful for the denied person to do any of the following:

4 (1) Receive any dividend or interest upon the
5 securities, or any dividend, payment, or distribution of
6 any kind from any holding company or intermediary
7 company.

8 (2) Exercise, directly or through any proxy, trustee, or
9 nominee, any voting right conferred by the securities or
10 interest.

11 (3) Receive any remuneration in any form from any
12 holding company or intermediary company with respect
13 thereto, for services rendered or for any other purpose.

14 (d) Every security issued by a holding company or
15 intermediary company that directly or indirectly owns,
16 has the power or right to control, or holds with power to
17 vote, all or any part of the outstanding equity securities
18 of a corporation holding a gambling license, shall bear a
19 statement, on both sides of the security, of the restrictions
20 imposed by this section.

21 (e) A holding company or intermediary company shall
22 not sell or make any offering of any of its securities by
23 public or other offering. A violation of this subdivision, or
24 any regulation adopted thereunder, shall not affect the
25 validity of the security issued. As used in this subdivision,
26 unless the context otherwise requires, “sale” means every
27 contract of sale, contract to sell, disposition, or transfer,
28 whether or not for value. “Sale” includes any exchange of,
29 and any material change in, the rights, preferences,
30 privileges, or restrictions of, or on, outstanding securities.

31 19891. (a) If the commission denies a license to any
32 person owning, controlling, or holding with power to vote
33 all or any part of any class of security of a corporate
34 holding company or intermediary company, the
35 commission shall so notify the denied person and the
36 holding company or intermediary company. The denied
37 person shall immediately offer the security to the issuing
38 corporation for purchase. The corporation shall purchase,
39 or cause to be purchased, the security so offered, or the
40 firm, partnership, trust, or other business organization



1 shall purchase the interest so offered, for cash at not
2 greater than fair market value within 30 calendar days
3 after the date of the offer, or within such longer period as
4 the commission may permit.

5 (b) Beginning upon the date the commission serves
6 notice of a denial described in subdivision (a), it is
7 unlawful for the denied person to do any of the following:

8 (1) Receive any dividend or interest upon the
9 securities, or any dividend, payment, or distribution of
10 any kind from any holding company or intermediary
11 company.

12 (2) Exercise, directly or through any proxy, trustee, or
13 nominee, any voting right conferred by the securities or
14 interest.

15 (3) Receive any remuneration in any form from any
16 holding company or intermediary company with respect
17 thereto, for services rendered or for any other purpose.

18 (c) Every security issued by a holding company or
19 intermediary company shall bear a statement, on both
20 sides of the certificate evidencing the security, of the
21 restrictions imposed by subdivisions (a) and (b).

22 19894. (a) If any officer, employee, director, partner,
23 principal, trustee, or direct or beneficial owner required
24 to obtain a license pursuant to this chapter fails to apply
25 for the license within the time required, or is denied a
26 license by the commission, or if his or her license is
27 revoked after appropriate findings by the commission or
28 division, the holding company or intermediary company,
29 or both, shall immediately remove that person from any
30 position in the administration or supervision of, or any
31 other significant involvement with, the activities of an
32 owner licensee.

33 (b) If the commission suspends the license of any
34 officer, employee, director, partner, principal, trustee, or
35 owner, the holding company or intermediary company,
36 or both, immediately and for the duration of the
37 suspension, shall suspend him or her from performing any
38 duties in administration or supervision of the activities of
39 the owner licensee and from any other significant

1 involvement therewith, as determined by the
2 commission.

3 19895. If any corporate or limited partnership owner
4 licensee, or if any holding company or intermediary
5 company with respect thereto, does not comply with the
6 laws of this state and the regulations of the commission,
7 the commission may take one or more of the following
8 steps in accordance with state law and the regulations of
9 the commission:

10 (a) Revoke, limit, condition, or suspend the owner's
11 license.

12 (b) Fine the persons involved, or the owner licensee,
13 or the holding company or intermediary company.

14

15 Article 8. Restrictions on Certain Transactions

16

17 19900. (a) Except as may be provided by regulation
18 of the commission, the following security interests shall
19 not be enforced without the prior approval of the
20 commission and compliance with the regulations adopted
21 by the commission pursuant to subdivision (b):

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

24 (2) In a security issued by a holding company.

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

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

33 19901. It is unlawful for any person to sell, purchase,
34 lease, hypothecate, borrow or loan money, or create a
35 voting trust agreement or any other agreement of any
36 sort to, or with, any licensee in connection with any
37 controlled gambling operation licensed under this
38 chapter or with respect to any portion of the gambling
39 operation, except in accordance with the regulations of
40 the commission.



1 19902. When any person contracts to sell or lease any
2 property or interest in property, real or personal, under
3 circumstances that require the approval or licensing of
4 the purchaser or lessee by the commission, pursuant to
5 subdivisions (a) to (e), inclusive, of Section 19842, the
6 contract shall not specify a closing date for the transaction
7 that is earlier than the expiration of 90 calendar days after
8 the submission of the completed application for approval
9 for licensing. Any provision of a contract that specifies an
10 earlier closing date is void for all purposes, but the
11 invalidity does not affect the validity of any other
12 provision of the contract.

13 19903. When any person contracts to sell or lease any
14 property or interest in property, real or personal, under
15 circumstances that require the approval or licensing of
16 the purchaser or lessee by the commission pursuant to
17 subdivisions (a) to (e), inclusive, of Section 19842, the
18 contract shall contain a provision satisfactory to the
19 commission regarding responsibility for the payment of
20 any fees due pursuant to any subsequent deficiency
21 determinations made under this chapter that shall
22 encompass any period of time before the closing date of
23 the transaction.

24 19904. The purported sale, assignment, transfer,
25 pledge, or other disposition of any security issued by a
26 corporation that holds a gambling license, or the granting
27 of an option to purchase that security, is void unless
28 approved in advance by the commission.

29 19905. Every owner licensee that is involved in a
30 transaction for the extension or redemption of credit by
31 the licensee, or for the payment, receipt, or transfer of
32 coin, currency, or other monetary instruments, as
33 specified by the commission, in an amount,
34 denomination, or amount and denomination, or under
35 circumstances prescribed by regulations of the
36 commission, and any other participant in the transaction,
37 as specified by the commission, shall, if required by
38 commission regulation, make and retain a record of, or
39 file with the division a report on, the transaction, at the

1 *time and in the manner prescribed by regulations of the*
2 *commission.*

3

4

Article 9. Work Permits

5

6 *19910. The Legislature finds that to protect and*
7 *promote the health, safety, good order, and general*
8 *welfare of the inhabitants of this state, and to carry out the*
9 *policy declared by this chapter, it is necessary that the*
10 *commission ascertain and keep itself informed of the*
11 *identity, prior activities, and present location of all*
12 *gambling enterprise employees and independent agents*
13 *in the State of California, and when appropriate to do so,*
14 *approve persons for employment in gambling*
15 *establishments as provided in this article.*

16 *19910.4. No person under the age of 21 years shall be*
17 *eligible for a work permit and no permit shall be issued*
18 *to a person under the age of 21 years.*

19 *19910.5. (a) (1) A person shall not be employed as a*
20 *gambling enterprise employee, or serve as an*
21 *independent agent, except as provided in paragraph (2),*
22 *unless he or she is the holder of one of the following:*

23 *(A) A valid work permit issued in accordance with the*
24 *applicable ordinance or regulations of the county, city, or*
25 *city and county in which his or her duties are performed.*

26 *(B) A work permit issued by the commission.*

27 *(2) An independent agent is not required to hold a*
28 *work permit if he or she is not a resident of this state and*
29 *has registered with the commission in accordance with*
30 *regulations adopted by the commission.*

31 *(b) A work permit shall not be issued by any city,*
32 *county, or city and county to any person who would be*
33 *disqualified from holding a state gambling license for the*
34 *reasons stated in subdivisions (c) to (f), inclusive, of*
35 *Section 19850.*

36 *(c) The division may object to the issuance of a work*
37 *permit by a city, county, or city and county for any cause*
38 *deemed reasonable by the division, and if the division*
39 *objects to issuance of a work permit, the work permit shall*
40 *be denied.*



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

4 (2) *The ordinance of any city, county, or city and*
5 *county relating to issuance of work permits shall permit*
6 *the division to object to the issuance of any permit.*

7 (3) *Any person whose application for a work permit*
8 *has been denied because of an objection by the division*
9 *may apply to the commission for an evidentiary hearing*
10 *in accordance with regulations adopted by the*
11 *commission.*

12 (d) *Application for a work permit for use in any*
13 *jurisdiction where a locally issued work permit is not*
14 *required by the licensing authority of a city, county, or*
15 *city and county shall be made to the commission, and may*
16 *be granted or denied for any cause deemed reasonable by*
17 *the commission. If the commission denies the application,*
18 *it shall include in its notice of denial a statement of facts*
19 *upon which it relied in denying the application.*

20 (e) *An order of the commission denying an application*
21 *for a work permit, including an order declining to issue*
22 *a work permit following a review pursuant to paragraph*
23 *(3) of subdivision (c), may be reviewed in accordance*
24 *with subdivision (e) of Section 19858.*

25 19911. (a) *The commission may issue an order*
26 *summarily suspending a person's work permit, whether*
27 *issued by a city, county, or city and county, or by the*
28 *commission, upon a finding that the suspension is*
29 *necessary for the immediate preservation of the public*
30 *peace, health, safety, or general welfare. The order is*
31 *effective when served upon the holder of the permit.*

32 (b) *The order of summary suspension shall state facts*
33 *upon which the finding of necessity for the suspension is*
34 *based. For purposes of this section, the order of summary*
35 *suspension shall be deemed an accusation.*

36 (c) *An order of summary suspension shall be signed by*
37 *at least three members of the commission.*

38 (d) *The person whose work permit is summarily*
39 *suspended has a right to a hearing to commence not more*



1 *than 30 calendar days from the date of service of the*
2 *suspension.*

3 *19912. The commission may revoke a work permit or,*
4 *if issued by the licensing authority of a city, county, or city*
5 *and county, notify the authority to revoke it, and the*
6 *licensing authority upon notification shall revoke it, if the*
7 *commission finds, after a hearing, that a gambling*
8 *enterprise employee or independent agent has failed to*
9 *disclose, misstated, or otherwise misled the division or*
10 *commission with respect to any fact contained within any*
11 *application for a work permit, or if the commission finds,*
12 *subsequent to being issued a work permit, that the*
13 *employee or independent agent has done any of the*
14 *following:*

15 *(1) Committed, attempted, or conspired to do any act*
16 *prohibited by this chapter.*

17 *(2) Engaged in any dishonest, fraudulent, or unfairly*
18 *deceptive activities in connection with controlled*
19 *gambling, or knowingly possessed or permitted to remain*
20 *in or upon any premises any cards, dice, mechanical*
21 *devices, or any other cheating device.*

22 *(3) Concealed or refused to disclose any material fact*
23 *in any investigation by the division.*

24 *(4) Committed, attempted, or conspired to commit,*
25 *any embezzlement or larceny against a gambling licensee*
26 *or upon the premises of a gambling establishment.*

27 *(5) Been convicted in any jurisdiction of any offense*
28 *involving or relating to gambling.*

29 *(6) Accepted employment without prior commission*
30 *approval in a position for which he or she could be*
31 *required to be licensed under this chapter after having*
32 *been denied a license or after failing to apply for licensing*
33 *when requested to do so by the commission.*

34 *(7) Been refused the issuance of any license, permit, or*
35 *approval to engage in or be involved with gambling or*
36 *parimutuel wagering in any jurisdiction, or had the*
37 *license, permit, or approval revoked or suspended.*

38 *(8) Been prohibited under color of governmental*
39 *authority from being present upon the premises of any*
40 *licensed gambling establishment or any establishment*



1 where *parimutuel* wagering is conducted, for any reason
2 relating to improper gambling activities or any illegal act.

3 (9) *Been convicted of any felony.*

4 (b) *The commission shall revoke a work permit if the*
5 *commission finds, after hearing, that the holder thereof*
6 *would be disqualified from holding a state gambling*
7 *license for the reasons specified in subdivision (e) or (f)*
8 *of Section 19850.*

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

11 19913. *The fee for a work permit issued by the*
12 *commission shall be not less than twenty-five dollars*
13 *(\$25) or more than two hundred fifty dollars (\$250).*

14
15 *Article 9.1. Conditions of Operation*

16
17 19915. *It is the policy of the State of California to*
18 *require that all establishments wherein controlled*
19 *gambling is conducted in this state be operated in a*
20 *manner suitable to protect the public health, safety, and*
21 *general welfare of the residents of the state.*
22 *Responsibility for the employment and maintenance of*
23 *suitable methods of operation rests with the owner*
24 *licensee, and willful or persistent use or toleration of*
25 *methods of operation deemed unsuitable by the*
26 *commission or by local government shall constitute*
27 *grounds for license revocation or other disciplinary*
28 *action.*

29 19915.5. *No person under the age of 18 years shall be*
30 *permitted to enter upon the premises of a licensed*
31 *gambling establishment, or any part thereof, except the*
32 *following:*

33 (a) *An area, physically separated from any gambling*
34 *area, for the exclusive purpose of dining. For purposes of*
35 *this subdivision, any place wherein food or beverages are*
36 *dispensed primarily by vending machines shall not*
37 *constitute a place for dining.*

38 (b) *Restrooms.*

39 (c) *A supervised room, as defined by regulations of the*
40 *commission, that is physically separated from any*

1 gambling area and used exclusively for the purpose of
2 entertainment or recreation.

3 (d) Any area of a gambling establishment to which a
4 person under the age of 18 years may have access under
5 this section shall have a separate entrance from the
6 outside, which shall not expose entrants to the gambling
7 area. All persons under the age of 18 years shall be
8 restricted to the separate entrance specified in this
9 section.

10 (e) Effective January 1, 1998, no license shall be
11 renewed with respect to a gambling establishment that
12 is operating as of the effective date of this chapter unless
13 the establishment has complied with this section.

14 19916. No owner licensee shall operate a gambling
15 enterprise in violation of any provision of this chapter or
16 any regulation of the commission adopted pursuant to
17 this chapter.

18 19917. No owner licensee shall operate a gambling
19 enterprise in violation of any governing local ordinance.

20 19918. Each owner licensee shall maintain security
21 controls over the gambling premises and all operations
22 therein related to gambling, and those security controls
23 are subject to the approval of the commission.

24

25 Article 9.5. Disciplinary Actions

26

27 19920. (a) The division shall make appropriate
28 investigations as follows:

29 (1) To determine whether there has been any
30 violation of this chapter or any regulations adopted
31 thereunder.

32 (2) To determine any facts, conditions, practices, or
33 matters that it may deem necessary or proper to aid in the
34 enforcement of this chapter or any regulation adopted
35 thereunder.

36 (3) To aid in adopting regulations.

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

39 (5) As requested by the commission.



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

9 (c) In addition to any action that the commission may
10 take against a license, permit, finding of suitability, or
11 approval, the commission may also require the payment
12 of fines or penalties. However, no fine imposed by the
13 commission shall exceed twenty thousand dollars
14 (\$20,000) for each separate violation of any provision of
15 this chapter or any regulation adopted thereunder.

16 19920.5. The commission may suspend or revoke a
17 license, permit, or finding of suitability, or may impose a
18 fine, on any ground that would constitute grounds for
19 denial of a license under Section 19850, or for any
20 violation of this chapter or any regulation adopted
21 pursuant to this chapter.

22 19921. (a) The commission may issue any emergency
23 orders against an owner licensee or any person involved
24 in a transaction requiring prior approval that the
25 commission deems reasonably necessary for the
26 immediate preservation of the public peace, health,
27 safety, or general welfare.

28 (b) The emergency order shall set forth the grounds
29 upon which it is based, including a statement of facts
30 constituting the alleged emergency necessitating the
31 action.

32 (c) The emergency order is effective immediately
33 upon issuance and service upon the owner licensee or any
34 agent of the licensee registered with the commission for
35 receipt of service, or, in cases involving prior approval,
36 upon issuance and service upon the person or entity
37 involved, or upon an agent of that person or entity
38 authorized to accept service of process in this state. The
39 emergency order may suspend, limit, condition, or take
40 other action in relation to the license of one or more



1 persons in an operation without affecting other individual
2 licensees, registrants, or the licensed gambling
3 establishment. The emergency order remains effective
4 until further order of the commission or final disposition
5 of the case.

6 (d) Within 10 calendar days after issuance of an
7 emergency order, the commission shall cause an
8 accusation to be filed and served upon the person or
9 entity involved in accordance with regulations adopted
10 by the commission. Thereafter, the person or entity
11 against whom the emergency order has been issued and
12 served is entitled to a hearing which, if so requested, shall
13 commence within 10 calendar days of the date of the
14 request if a gambling operation is closed by the order, and
15 in all other cases, within 30 calendar days of the date of the
16 request. On application of the division, and for good cause
17 shown, a court may extend the time within which a
18 hearing is required to be commenced, upon such terms
19 and conditions as the court deems equitable.

20 1992. (a) Any person aggrieved by a final decision
21 or order of the commission that imposes any fine, or
22 limits, conditions, suspends, or revokes any previously
23 granted license or approval, made after hearing or
24 rehearing by the commission, may petition for judicial
25 review pursuant to Section 1094.5 of the Code of Civil
26 Procedure and Section 11523 of the Government Code.
27 Notwithstanding any other provision of law, the standard
28 set forth in subdivision (h) of Section 1094.5 of the Code
29 of Civil Procedure shall apply for obtaining a stay of the
30 operation of a commission order.

31 (b) A court may not modify an order of the
32 commission, but a judgment of the court in a proceeding
33 pursuant to this section may vacate a commission decision
34 or order and remand the case to the commission for
35 reconsideration of the decision or order.

36 (c) This section provides the exclusive means to
37 review adjudicatory decisions of the commission issued
38 pursuant to this article.

39



Article 10. Criminal Acts

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

19932. (a) A person under the age of 21 years shall not do any of the following:

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

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

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

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

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

(c) Proof that a licensee, or agent or employee of a licensee, demanded, was shown, and acted in reliance upon bona fide evidence of majority and identity shall be a defense to any criminal prosecution under this section or to any proceeding for the suspension or revocation of any license or work permit based thereon. As used in this subdivision, "bona fide evidence of majority and identity" is a document issued by a federal, state, county, or municipal government, or subdivision or agency thereof, including, but not limited to, a motor vehicle operator's license or an identification card issued to a member of the Armed Forces, which contains the name, date of birth, description, and picture of the person.



1 19933. (a) Any person who willfully fails to report,
2 pay, or truthfully account for and pay over any license fee
3 imposed by this chapter, or willfully attempts in any
4 manner to evade or defeat the license fee or payment
5 thereof shall be punished by imprisonment in the county
6 jail, or by a fine of not more than five thousand dollars
7 (\$5,000), or by both that imprisonment and fine.

8 (b) Any person who willfully violates, attempts to
9 violate, or conspires to violate, any provision of a
10 regulation adopted pursuant to subdivision (e) of Section
11 19834 relating to cash or credit transactions, shall be
12 punished by imprisonment in a county jail for not more
13 than one year, or by a fine of not more than five thousand
14 dollars (\$5,000), or by both that imprisonment and fine.

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

18 19934. Any person who willfully resists, prevents,
19 impedes, or interferes with the division or the
20 commission or any of their agents or employees in the
21 performance of duties pursuant to this chapter is guilty of
22 a misdemeanor, punishable by imprisonment in the
23 county jail for not more than six months, or by a fine not
24 exceeding one thousand dollars (\$1,000), or by both that
25 imprisonment and fine.

26

27 Article 11. Revenues

28

29 19940. (a) All fines and penalties collected pursuant
30 to this chapter shall be deposited in a special account in
31 the General Fund, and, upon appropriation, may be
32 expended by the Department of Justice to offset costs
33 incurred pursuant to this chapter.

34 (b) Except as otherwise provided in subdivision (a),
35 all fees and revenue collected pursuant to this chapter
36 shall be deposited in the Gambling Control Fund, which
37 is hereby created in the State Treasury. Funds deposited
38 in the Gambling Control Fund shall be available, upon
39 appropriation, for expenditure by the Department of
40 Justice and the commission, and shall, if appropriated, be



1 *appropriated exclusively for the support of the division*
2 *and commission in carrying out their duties and*
3 *responsibilities under this chapter.*

4 *19941. (a) All fees for issuance or renewal of a state*
5 *gambling license shall be assessed against the gambling*
6 *license issued to the owner of the gambling enterprise.*
7 *Except as provided in subdivision (b), the fee for the*
8 *issuance and renewal of that gambling license shall be*
9 *determined by the commission pursuant to the following*
10 *schedule:*

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

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

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

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

23 *(5) For a license authorizing 26 to 70, inclusive, tables*
24 *at which games are played, three thousand seven*
25 *hundred dollars (\$3,700) for each table.*

26 *(6) For a license authorizing 71 or more tables at*
27 *which games are played, four thousand two hundred*
28 *dollars (\$4,200) for each table.*

29 *(b) Without regard to the number of tables at which*
30 *games may be played pursuant to a gambling license, if,*
31 *at the time of any license renewal, it is determined that*
32 *the gross revenues of an owner licensee during the*
33 *licensee's previous fiscal year fell within the following*
34 *ranges, the fee for renewal of the license shall be as*
35 *follows:*

36 *(1) For a gross revenue of one hundred thousand*
37 *dollars (\$100,000) to two hundred forty-nine thousand*
38 *nine hundred ninety-nine dollars (\$249,999), inclusive,*
39 *the amount specified by the commission pursuant to*
40 *paragraph (2) of subdivision (a).*



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

6 (3) For a gross revenue of one million dollars
7 (\$1,000,000) to four million nine hundred ninety-nine
8 thousand nine hundred ninety-nine dollars (\$4,999,999),
9 inclusive, the amount specified by the commission
10 pursuant to paragraph (4) of subdivision (a).

11 (4) For a gross revenue of five million dollars
12 (\$5,000,000) or more, the amount specified by the
13 commission pursuant to paragraph (5) of subdivision (a).

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

17 (d) (1) No later than July 1, 1999, the commission, in
18 consultation with the director, shall review the fee
19 schedule set forth in this section and make a
20 recommendation to the Legislature concerning the
21 reduction or increase in the fee amounts, if any.

22 (e) The commission may provide for payment of
23 gambling license fees on an annual or more frequent
24 basis.

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

27 19942. The commission, by regulation, shall establish
28 fees for special licenses authorizing irregular operation of
29 tables in excess of the total number of tables otherwise
30 authorized to a licensed gambling establishment, for
31 tournaments and other special events.

32 19943. (a) The issuance and renewal fee for a
33 manufacturer's or distributor's license shall not exceed
34 ten thousand dollars (\$10,000).

35 (b) The issuance and renewal fee for a key employee
36 license shall be established by regulation of the
37 commission, giving consideration to the size of the
38 gambling establishment in which the key employee will
39 be employed, but in no event shall the fee exceed five
40 hundred dollars (\$500).



1 19944. Nothing contained in this chapter shall be
2 deemed to restrict or limit the power of any city, county,
3 or city and county to fix, impose, and collect a license tax.

4
5 Article 12. Local Governments
6

7 19950. This chapter shall not prohibit the enactment,
8 amendment, or enforcement of any ordinance by any
9 city, county, or city and county relating to licensed
10 gambling establishments that is not inconsistent with this
11 chapter. On and after the effective date of this chapter,
12 no city, county, or city and county shall issue a gambling
13 license with respect to any gambling establishment unless
14 one of the following is true:

15 (a) The gambling establishment is located in a city,
16 county, or city and county wherein, after January 1, 1984,
17 an ordinance was adopted by the electors of the city,
18 county, or city and county, in an election conducted
19 pursuant to former Section 19819 of the Business and
20 Professions Code, as that section read immediately prior
21 to its repeal by the act that enacted this chapter.

22 (b) The gambling establishment is located in a city,
23 county, or city and county wherein, prior to January 1,
24 1984, there was in effect an ordinance authorizing the
25 operation of one or more cardrooms and at least one
26 cardroom was lawfully operating within the city, county,
27 or city and county pursuant to that ordinance.

28 (c) After the effective date of this chapter, a majority
29 of the electors voting thereon affirmatively approve a
30 measure permitting controlled gambling within that city,
31 county, or city and county. The measure to permit
32 controlled gambling shall appear on the ballot in
33 substantially the following form: "Shall licensed gambling
34 establishments in which any controlled games permitted
35 by law, such as draw poker, low-ball poker, panguingue
36 (pan), seven-card stud, pai gow poker, pai gow, and super
37 pan nine, are played be allowed in _____? Yes
38 _____ No _____"



1 (d) In addition, the initial implementing ordinances
2 shall be drafted and appear in full on the sample ballot
3 and shall set forth at least the following:

4 (1) The hours of operation.

5 (2) The games to be played.

6 (3) The wagering limits.

7 19951. No city, county, or city and county shall issue
8 a license to, or in respect to, any gambling establishment,
9 unless all persons required to be licensed by this chapter
10 with respect to that establishment have received all the
11 licenses and approvals required by this chapter.
12 However, the issuance by the commission of a state
13 gambling license to a person imposes no requirements
14 upon the city, county, or city and county to issue a license
15 to the person.

16

17 Article 13. Miscellaneous Provisions

18

19 19956. If any clause, sentence, paragraph, or part of
20 this chapter is, for any reason, adjudged by a court of
21 competent jurisdiction to be invalid, that judgment shall
22 not affect, impair, or invalidate the remainder of this
23 chapter and the application thereof to other persons or
24 circumstances, but shall be confined to the operation of
25 the clause, sentence, paragraph, or part thereof directly
26 involved in the controversy in which the judgment was
27 rendered and to the person or circumstances involved.

28 19957. This act is an exercise of the police power of the
29 state for the protection of the health, safety, and welfare
30 of the people of the State of California, and shall be
31 liberally construed to effectuate those purposes.

32 19958. For purposes of Section 3482 of the Civil Code,
33 a gambling license issued by the commission shall not be
34 construed to authorize any conduct or activity other than
35 the conduct of controlled gambling.

36



1 *Article 14. Additional Restrictions Related To Fair*
2 *Elections and Corruption of Regulators*

3
4 19959. (a) *The Legislature finds and declares that*
5 *there is a compelling governmental interest in ensuring*
6 *that elections conducted pursuant to Section 19950 are*
7 *conducted fairly and that electors in those elections are*
8 *presented with fair and balanced arguments in support of*
9 *and in opposition to the existence of gambling*
10 *establishments. Large contributions by gambling*
11 *operators or prospective gambling operators who will be*
12 *financially interested in the outcome of the election often*
13 *unfairly distort the context in which those elections take*
14 *place.*

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

22 (c) *In California, in other states, and in other*
23 *countries, there is ample historical evidence of the*
24 *potential for revenues derived from gambling to be used*
25 *to corrupt political officials in the regulation or*
26 *prosecution of crimes related to gambling activities,*
27 *embezzlement, and money laundering.*

28 (d) *This article is an exercise of the police power of the*
29 *state for the protection of the health, safety, and welfare*
30 *of the people of this state.*

31 19959.5. (a) *A member of the commission, the*
32 *executive secretary of the commission, the director of the*
33 *division, and any employee designated by regulation of*
34 *the commission or the division for purposes of this section,*
35 *shall not, for a period of three years after leaving office or*
36 *terminating employment, for compensation, act as agent*
37 *or attorney for, or otherwise represent, any other person*
38 *by making any formal or informal appearance, or by*
39 *making any oral or written communication, before the*
40 *commission or the division, or any officer or employee*

1 thereof, if the appearance or communication is for the
2 purpose of influencing administrative action, or
3 influencing any action or proceeding involving the
4 issuance, amendment, awarding, or revocation of a
5 permit, license, or approval.

6 (b) A member of the commission shall not, during the
7 member's term of office, engage in the solicitation of
8 contributions to a candidate, or a committee controlled
9 by the candidate, if the candidate seeks election to the
10 Legislature or to a statewide office.

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

13 19960. (a) Notwithstanding any other provision in
14 this chapter, a person described in subdivision (d) is
15 ineligible to hold a state license, under the following
16 circumstances:

17 (1) If, after the effective date of this chapter, and
18 within two years prior to submission of an application for
19 licensure, or while holding a state license, the person
20 makes a financial contribution, directly or indirectly, in
21 excess of two hundred fifty dollars (\$250) to a committee
22 organized for the purpose of supporting the passage of a
23 measure placed on a ballot pursuant to subdivision (c) of
24 Section 19950.

25 (2) If, while holding the state license, the person
26 makes a financial contribution, directly or indirectly, in
27 excess of two hundred fifty dollars (\$250) to a committee
28 organized for the purpose of defeating the passage of a
29 measure placed on a ballot pursuant to Section 19950.

30 (3) If, while holding the state license, the person
31 makes financial contributions, directly or indirectly, in
32 excess of two hundred fifty dollars (\$250) to a committee
33 organized for the purpose of repealing or modifying any
34 ordinance relating to controlled gambling or to the
35 operation of any gambling establishment.

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



1 *the person makes a financial contribution, directly or*
2 *indirectly, to any committee controlled by the Attorney*
3 *General, to any candidate for the office of Attorney*
4 *General, or to any committee organized for the purpose*
5 *of electing a person to the office of Attorney General.*

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

18 *(d) Subdivisions (a) and (b) apply to all persons*
19 *required to be licensed pursuant to Sections 19840.5,*
20 *19841, and 19842.*

21 *19960.1. No member of the commission, including an*
22 *ex officio member, the executive secretary of the*
23 *commission, and the director of the division shall, for a*
24 *period of three years after leaving office or terminating*
25 *employment, for compensation, act as agent or attorney*
26 *for, or otherwise represent, any other person by making*
27 *any formal or informal appearance, or by making any oral*
28 *or written communication, before the commission or the*
29 *division, or any officer or employee thereof, if the*
30 *appearance or communication is for the purpose of*
31 *influencing administrative action, or influencing any*
32 *action or proceeding involving the issuance, amendment,*
33 *awarding, or revocation of a permit, license, or approval.*

34 *19960.2. (a) The commission may take any action*
35 *described in subdivision (b) of Section 19823 with respect*
36 *to any applicant or licensee, if the applicant or licensee,*
37 *within three years prior to the submission of the license*
38 *or renewal application, or any time thereafter, violates*
39 *any law or ordinance respecting campaign finance*
40 *disclosure or contribution limitations applicable to an*



1 election that is conducted pursuant to Section 19950 or
2 pursuant to former Section 19819 of the Business and
3 Professions Code, as that section read immediately prior
4 to its repeal by the act that enacted this chapter.

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

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

11 (3) Any final determination by a city or county
12 governmental body having ultimate jurisdiction over the
13 matter that the applicant did not violate an ordinance
14 respecting campaign finance disclosure or contribution
15 limitations applicable to an election conducted pursuant
16 to Section 19950 shall be binding on the commission.

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

21 (1) Any statement or other document required to be
22 filed with the Fair Political Practices Commission relative
23 to an election that is conducted pursuant to Section 19950,
24 or former Section 19819 of the Business and Professions
25 Code, as that section read immediately prior to its repeal
26 by the act that enacted this chapter, within three years of
27 the date on which the application is submitted.

28 (2) Any statement or other document required to be
29 filed with any local jurisdiction respecting campaign
30 finance disclosure or contribution limitations applicable
31 to an election that is conducted pursuant to Section 19950,
32 or former Section 19819 of the Business and Professions
33 Code, as that section read immediately prior to its repeal
34 by the act that enacted this chapter, within three years of
35 the date on which the application is submitted.

36 (3) A report of any contribution of money or thing of
37 value, in excess of one hundred dollars (\$100), made to
38 any committee, as defined by Section 82013 of the
39 Government Code, associated with any election that is
40 conducted pursuant to Section 19950, or former Section



1 19819 of the Business and Professions Code, as that section
2 read immediately prior to its repeal by the act that
3 enacted this chapter, within three years of the date on
4 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 19950, or former Section 19819 of the
8 Business and Professions Code, as that section read
9 immediately prior to its repeal by the act that enacted this
10 chapter, within three years of the date on which the
11 application is submitted.

12 (5) A disclosure of any information in the possession of
13 the applicant or licensee concerning known or suspected
14 violations of state or local campaign laws, by any other
15 licensee or applicant, respecting the conduct of any
16 election that is conducted pursuant to Section 19950, or
17 former Section 19819 of the Business and Professions
18 Code, as that section read immediately prior to its repeal
19 by the act that enacted this chapter, within three years of
20 the date on which the application is submitted.

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

23 19960.3. (a) Notwithstanding any other provision of
24 law, the Governor shall not execute a tribal-state gaming
25 compact with an Indian tribe unless the compact includes
26 all of the following:

27 (1) Agreement by the tribe that the tribe will not,
28 directly or indirectly, make a financial contribution in
29 excess of two hundred fifty dollars (\$250) to a committee
30 organized for the purpose of supporting the passage of a
31 measure placed on a ballot pursuant to Section 19950.

32 (2) Agreement by the tribe that the tribe will not,
33 directly or indirectly, make a financial contribution in
34 excess of two hundred fifty dollars (\$250) to a committee
35 organized for the purpose of defeating the passage of a
36 measure placed on a ballot pursuant to Section 19950.

37 (3) Agreement by the tribe that the tribe will not,
38 directly or indirectly, make a financial contribution in
39 excess of two hundred fifty dollars (\$250) to a committee
40 organized for the purpose of repealing, or modifying any



1 ordinance relating to controlled gambling or to the
2 operation of any gambling establishment.

3 (4) Agreement by the tribe that the tribe will prohibit
4 any management contractor or management consultant
5 with whom the tribe is doing business from doing any of
6 the following:

7 (A) Making a financial contribution, directly or
8 indirectly, in excess of two hundred fifty dollars (\$250) to
9 a committee organized for the purpose of supporting the
10 passage of a measure placed on a ballot pursuant to
11 Section 19950.

12 (B) Making a financial contribution, directly or
13 indirectly, in excess of two hundred fifty dollars (\$250) to
14 a committee organized for the purpose of defeating the
15 passage of a measure placed on a ballot pursuant to
16 Section 19950.

17 (C) Making a financial contribution, directly or
18 indirectly, in excess of two hundred fifty dollars (\$250) to
19 a committee organized for the purpose of repealing, or
20 modifying any ordinance relating to controlled gambling
21 or to the operation of any gambling establishment.

22 19960.4. 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 (Title 9 (commencing with Section
26 81000) of the Government Code), as amended, 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 SEC. 4. Section 1822.60 is added to the Code of Civil
35 Procedure, to read:

36 1822.60. A warrant may be issued under the
37 requirements of this title to authorize personnel of the
38 Division of Gambling Control of the Department of
39 Justice to conduct inspections as provided in subdivision
40 (a) of Section 19825 of the Business and Professions Code.



1 SEC. 5. Section 15001 of the Government Code is
2 amended to read:

3 15001. The department is composed of the Office of
4 the Attorney General ~~and~~, the Division of Law
5 Enforcement, *and the Division of Gambling Control.*

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

8 15001.1. The Division of Gambling Control is
9 responsible for investigation and enforcement of
10 controlled gambling activity in this state as set forth in the
11 Gambling Control Act (Chapter 5 (commencing with
12 Section 19800) of Division 8 of the Business and
13 Professions Code).

14 SEC. 7. Section 15001.2 is added to the Government
15 Code, to read:

16 15001.2. Any process issued by the Division of
17 Gambling Control for purposes of implementing and
18 enforcing the Gambling Control Act (Chapter 5
19 (commencing with Section 19800) of Division 8 of the
20 Business and Professions Code) may be issued in the
21 name of the division. Any hearing conducted by the
22 Attorney General for these purposes may be styled as
23 conducted before the division.

24 SEC. 8. Section 337j is added to the Penal Code, to
25 read:

26 337j. (a) It is unlawful for any person, as owner,
27 lessee, or employee, whether for hire or not, either solely
28 or in conjunction with others, to do any of the following
29 without having first procured and thereafter maintained
30 in effect all federal, state, and local licenses required by
31 law:

32 (1) To deal, operate, carry on, conduct, maintain, or
33 expose for play in this state any controlled game or
34 gambling equipment used in connection with any
35 controlled game.

36 (2) To receive, directly or indirectly, any
37 compensation or reward or any percentage or share of the
38 revenue, for keeping, running, or carrying on any
39 controlled game.



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

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

10 (c) Any person who violates, attempts to violate, or
11 conspires to violate this section shall be punished by
12 imprisonment in a county jail for not more than one year,
13 or by a fine of not more than five thousand dollars
14 (\$5,000), or by both that imprisonment and fine.

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

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

23 (A) The game of bingo conducted pursuant to Section
24 326.5.

25 (B) Parimutuel wagering on horseraces regulated by
26 the California Horse Racing Board.

27 (C) Any lottery game conducted by the California
28 State Lottery.

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

32 SEC. 9. (a) For purposes of this section, “provisional
33 license” means a license that is either granted by
34 operation of law, pursuant to this section, or is issued by
35 the Director of the Division of Gambling Control
36 pursuant to this section, and authorizes the holder to own
37 and operate a gambling establishment, as defined by the
38 Gambling Control Act (Chapter 5 (commencing with
39 Section 19800) of Division 8 of the Business and
40 Professions Code), as enacted by this act. The issuance of



1 a provisional license creates no vested right to the
2 issuance of a state gambling license by the commission. A
3 provisional license is held subject to all terms and
4 conditions under which a state gambling license is held
5 pursuant to the Gambling Control Act (Chapter 5
6 (commencing with Section 19800) of Division 8 of the
7 Business and Professions Code), as enacted by this act.

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

15 (2) Every racing association, or every wholly owned
16 subsidiary of a racing association, shall, effective January
17 1, 1996, be deemed to hold a provisional license, as an
18 owner licensee with respect to a gambling establishment
19 located on the premises of the racing association, if all of
20 the following are true:

21 (A) The association is located in a city, county, or city
22 and county in which, as of January 1, 1995, a majority of
23 the electors voting thereon affirmatively adopted an
24 ordinance pursuant to former Section 19819 of the
25 Business and Professions Code, as it read immediately
26 prior to its repeal by this act, to permit legal gambling
27 within that city, county, or city and county.

28 (B) The association was licensed by the California
29 Horse Racing Board on or after January 1, 1995, to
30 conduct a horseracing meeting, and the officers and
31 directors of the association have not changed, except by
32 attrition, since January 1, 1995.

33 (C) No other person holds a current provisional
34 license with respect to the gambling establishment.

35 (3) (A) Every owner of a gaming club who possesses
36 a valid registration issued pursuant to former Chapter 5
37 (commencing with Section 19800) of Division 8 of the
38 Business and Professions Code, as it read immediately
39 prior to its repeal by this act, if the license is unexpired as
40 of January 1, 1996, and every racing association, or



1 wholly-owned subsidiary thereof, holding a provisional
2 license pursuant to paragraph (2), shall be deemed to
3 hold a provisional license to own all or a part of another
4 gambling establishment, or of other gambling
5 establishments, if all of the following conditions are
6 satisfied with respect to the other gambling
7 establishment or establishments:

8 (i) The gambling establishment, on January 1, 1996,
9 was owned by a person holding a provisional license
10 pursuant to this subdivision.

11 (ii) Acquisition of the ownership interest is completed
12 no later than June 30, 1996.

13 (iii) The applicant has deposited all monies as required
14 pursuant to Section 19855 of the Business and Professions
15 Code, as enacted by this act.

16 (iv) The applicant has deposited with the division a
17 license fee calculated as the amount specified for each
18 level of operation in subdivision (a) of Section 19941 of
19 the Business and Professions Code, as enacted by this act.

20 (B) A provisional license granted in respect to a
21 gambling establishment by operation of subparagraph
22 (A) shall expire on July 30, 1996, unless, on or before that
23 date, the holder of the provisional license files an
24 application for a gambling license with respect to that
25 gambling establishment under the Gambling Control Act
26 (Chapter 5 (commencing with Section 19800) of Division
27 8 of the Business and Professions Code), as enacted by this
28 act.

29 (4) Until a provisional licensee is summoned pursuant
30 to subdivision (e), no other state gambling license shall be
31 required in connection with the operation owned,
32 managed, or operated by a person holding a provisional
33 license. Nothing in this paragraph shall relieve any person
34 who, on or after the effective date of this act, acquires an
35 ownership interest in a gambling establishment, from the
36 provisions of Section 19840 of the Business and Professions
37 Code, as enacted by this act. Upon payment of the fees
38 described in this section, the provisional license shall be
39 valid until the earlier of the following events:

40 (A) December 31, 1996.



1 (B) The granting or denial of an application for a
2 gambling license.

3 (c) Until July 1, 1996, the Director of the Division of
4 Gambling Control may issue a provisional license to any
5 person who submitted a completed application for
6 registration pursuant to former Chapter 5 (commencing
7 with Section 19800) of Division 8 of the Business and
8 Professions Code, as it read immediately prior to its repeal
9 by this act, if all of the following are true:

10 (1) The director determines that the applicant is not
11 disqualified based on any of the reasons for which an
12 application for registration could have been denied or
13 revoked under former Section 19809 or 19810 of the
14 Business and Professions Code, as those sections read
15 immediately prior to their repeal by this act.

16 (2) The applicant has paid all fees required pursuant
17 to Section 19855 of the Business and Professions Code, as
18 enacted by this act, less any fees paid pursuant to Section
19 19808 of the Business and Professions Code, as that section
20 read immediately prior to its repeal by this act.

21 (3) The applicant has deposited with the division a
22 license fee calculated as the amount specified for each
23 level of operation in subdivision (a) of Section 19941 of
24 the Business and Professions Code, as enacted by this act.

25 (d) Every person holding a provisional license
26 pursuant to subdivision (b), who desires that the
27 provisional license be converted to a gambling license
28 under the Gambling Control Act (Chapter 5
29 (commencing with Section 19800) of Division 8 of the
30 Business and Professions Code), as enacted by this act,
31 shall, no later than January 31, 1996, deposit with the
32 Division of Gambling Control a license fee calculated as
33 the amount specified for each level of operation in
34 subdivision (a) of Section 19941 of the Business and
35 Professions Code, as enacted by this act.

36 (e) (1) Commencing July 1, 1996, the Division of
37 Gambling Control shall summon persons holding
38 provisional licenses for the purpose of applying for
39 gambling licenses under the Gambling Control Act
40 (Chapter 5 (commencing with Section 19800) of Division



1 8 of the Business and Professions Code), as enacted by this
2 act. Thereafter, except as otherwise provided herein, the
3 license application process shall proceed as an initial
4 application for licensure in accordance with the
5 provisions of the Gambling Control Act (Chapter 5
6 (commencing with Section 19800) of Division 8 of the
7 Business and Professions Code), as enacted by this act,
8 including the advance deposit of fees for investigation of
9 the application or applications, if any.

10 (2) The division shall not require an applicant who
11 holds a provisional license pursuant to subdivision (b) to
12 furnish, in connection with an application for licensure,
13 information or documentation that is presently in the
14 possession of the Department of Justice by virtue of
15 having conducted a prior investigation of the applicant
16 pursuant to former Chapter 5 (commencing with Section
17 19800) of Division 8 of the Business and Professions Code,
18 as it read immediately prior to its repeal by this act.

19 (f) If an application for a gambling license is granted,
20 and upon payment of the fees specified by the California
21 Gambling Control Commission pursuant to the Gambling
22 Control Act (Chapter 5 (commencing with Section
23 19800) of Division 8 of the Business and Professions
24 Code), as enacted by this act, a gambling license may be
25 issued to the owner of a gambling enterprise, to expire not
26 later than 12 months thereafter. If this license is issued
27 prior to December 31, 1996, the licensee shall be entitled
28 to a credit, if any, for the fee paid pursuant to subdivision
29 (d).

30 (g) Notwithstanding subdivision (a) of Section 19847,
31 there shall be a rebuttable presumption that every
32 natural person who, on December 31, 1995, holds a valid
33 and unexpired registration issued pursuant to former
34 Chapter 5 (commencing with Section 19800) of Division
35 8 of the Business and Professions Code, as it read
36 immediately prior to its repeal by this act, is suitable for
37 licensure pursuant to this act.

38 (h) If an application for a gambling license is denied,
39 the applicant shall be entitled to a pro rata refund of the



1 fee paid pursuant to subdivision (d), and any unused
2 deposit of investigative fees.

3 (i) If the Division of Gambling Control does not, prior
4 to December 31, 1996, summon a person holding a
5 provisional license for the purpose of applying for a
6 gambling license, the California Gambling Control
7 Commission, upon request of the holder of the provisional
8 license, and upon payment of the fees specified by the
9 commission pursuant to the Gambling Control Act
10 (Chapter 5 (commencing with Section 19800) of Division
11 8 of the Business and Professions Code), as enacted by this
12 act, shall extend the provisional license until December
13 31, 1997. Thereafter, the process described in subdivisions
14 (e), (f), and (g) shall apply in similar fashion.

15 (j) No application for a state gambling license may be
16 submitted to the Division of Gambling Control prior to
17 July 1, 1996. It is the intent of the Legislature that the
18 California Gambling Control Commission and division
19 shall be fully operative by July 1, 1995.

20 SEC. 9.5. All administrative or judicial proceedings
21 that were initiated pursuant to former Chapter 5
22 (commencing with Section 19800) of Division 8 of the
23 Business and Professions Code, as it read immediately
24 prior to its repeal by this act, and that are not concluded
25 prior to the effective date of this act, shall continue and
26 shall be governed by those provisions until concluded.

27 SEC. 10. Section 19852 of the Business and Professions
28 Code, as enacted by this act, shall not apply in either of
29 the following cases:

30 (a) The initial or subsequent annual renewal licensure
31 of any gambling establishment with respect to which, on
32 December 31, 1995, all persons who were required to be
33 registered pursuant to former Chapter 5 (commencing
34 with Section 19800) of Division 8 of the Business and
35 Professions Code, as it read immediately prior to its repeal
36 by this act, possessed a current and valid registration.
37 However, Section 19852 shall apply to any annual renewal
38 licensure under the Gambling Control Act (Chapter 5
39 (commencing with Section 19800) of Division 8 of the
40 Business and Professions Code), as enacted by this act, if



1 *the application therefor includes an application for*
2 *expansion, as defined by subdivision (d) of Section 19852*
3 *of the Business and Professions Code, as enacted by this*
4 *act.*

5 *(b) The initial or annual renewal licensure of any*
6 *gambling establishment that is owned by a racing*
7 *association that qualifies for a provisional license pursuant*
8 *to subparagraphs (A) and (B) of paragraph (2) of*
9 *subdivision (b) of Section 9.*

10 *SEC. 11. All funds remaining in the special account in*
11 *the General Fund established pursuant to former Section*
12 *19818 of the Business and Professions Code, as that section*
13 *read immediately prior to its repeal by this act, effective*
14 *January 1, 1995, shall be transferred to the Gambling*
15 *Control Fund created by Section 19940 of the Business*
16 *and Professions Code, as enacted by this act.*

17 *SEC. 12. The Secretary of State, pursuant to*
18 *subdivision (b) of Section 81012 of the Government Code,*
19 *shall submit Article 14 (commencing with Section 19959)*
20 *of Chapter 5 of Division 8 of the Business and Professions*
21 *Code, as enacted by this act, for approval by the voters at*
22 *the March 26, 1996, direct primary election.*

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

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



1 *Notwithstanding Section 17580 of the Government*
2 *Code, unless otherwise specified in this act, the provisions*
3 *of this act shall become operative on the same date that*
4 *the act takes effect pursuant to the California*
5 *Constitution.*

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**All matter omitted in this version of the
bill appears in the bill as introduced in the
Senate, December 5, 1994 (JR 11)**

