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AMENDED IN ASSEMBLY SEPTEMBER 14, 1995
AMENDED IN ASSEMBLY SEPTEMBER 11, 1995
AMENDED IN ASSEMBLY AUGUST 30, 1995
AMENDED IN ASSEMBLY AUGUST 21, 1995
AMENDED IN ASSEMBLY JULY 13, 1995
AMENDED IN ASSEMBLY JUNE 26, 1995

SENATE BILL

No. 431

Introduced by ~~Senators Rosenthal and Leonard~~
(Principal coauthor: ~~Assembly Member Isenberg~~) ~~Senator~~
Johnson

February 16, 1995

~~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 12012 and 15001 of, and to add Sections 15001.1 and 15001.2 to, the Government Code, and to amend Sections 186.9 and 14161 of, and to add Section 337j to, the Penal Code, relating to gambling. An act to add Section 8880.335 to the Government Code, relating to the state lottery.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 431, as amended, ~~Rosenthal Johnson. Gambling California State Lottery.~~

The California State Lottery Act of 1984 requires the California State Lottery Commission to promulgate rules and regulations specifying the manner of distribution, dissemination, or sale of lottery tickets.

This bill, in addition, would permit the commission to promulgate rules and regulations to authorize the use of an electronic or electromechanical device to dispense a lottery ticket, to be used in the play of any lottery game, that has an ascertainable prize value at the time it is dispensed or that has no value at the time it is dispensed but that may acquire a redemption value as the result of a draw that occurs after the ticket is dispensed, if the device satisfies certain specifications.

An initiative measure, the act provides that none of its provisions may be changed except to further its purpose by a bill passed by a $\frac{2}{3}$ vote of each house of the Legislature and signed by the Governor.

This bill, in conformance with those requirements, would declare that its provisions further the purpose of the act and would require a $\frac{2}{3}$ vote.

~~(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.~~

~~The bill, in addition, would designate the Governor as the state officer responsible for negotiating and executing, on behalf of the state, as specified, compacts with federally~~



~~recognized Indian tribes in the State of California pursuant to the federal Indian Gaming Regulatory Act, for conducting class III gaming 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 activities related to any controlled game, as defined, without having first procured 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. 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 any committee controlled by the Attorney General or to any candidate for Attorney General.~~

~~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 to the voters for approval at the March 26, 1996, statewide direct primary election.~~

~~(7) Existing law provides that any person who conducts or attempts to conduct a money laundering transaction, as described, shall be punished by imprisonment in a county jail for not more than one year or in the state prison, by a specified fine, or both.~~

~~This bill would include any person or business engaged in controlled gambling, as specified, within the definition of “financial institution” for purposes of those money laundering provisions. Thus, by expanding the scope of an existing crime, the bill would impose a state-mandated local program.~~

~~(8) 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.~~

~~(9) 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 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 ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes *no*.

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

1 ~~SECTION 1. Section 19445 of the Business and~~
2 *SECTION 1. Section 8880.335 is added to the*
3 *Government Code to read:*

4 *8880.335. The commission may promulgate rules and*
5 *regulations to authorize the use of an electronic or*
6 *electromechanical device to dispense lottery tickets to be*
7 *used in the play of any lottery game, if the device satisfies*
8 *all of the following specifications:*

9 *(a) The lottery ticket dispenser dispenses a paper or*
10 *cardboard ticket that provides the purchaser of the ticket*
11 *with an opportunity to win a prize in a lottery game, and*
12 *the ticket fits one of the following descriptions:*

13 *(1) The ticket has an ascertainable prize value,*
14 *including a null prize value or an opportunity to enter*
15 *another lottery game, at the time it is dispensed, provided*
16 *that the prize value of the ticket may be revealed to the*
17 *purchaser of the ticket only after the purchaser has*
18 *removed the ticket from the dispenser and only by*
19 *physically removing a covering that hides numbers or*
20 *symbols that are imprinted on the ticket.*

21 *(2) The ticket has no value at the time it is dispensed,*
22 *except for restitution of the purchase price, but may*
23 *acquire a redemption value as the result of a draw that*
24 *occurs after the ticket is dispensed.*

25 *(b) If the lottery ticket dispenser dispenses tickets*
26 *described in paragraph (1) of subdivision (a), then*
27 *neither the operation or functioning of the ticket*



1 dispenser nor the operation or functioning of any
2 component, subcomponent, part, chip, or program of the
3 ticket dispenser, or of any device in direct or indirect
4 communication with the ticket dispenser, may affect the
5 probability that a ticket that is dispensed will have a prize
6 value other than a null prize value.

7 (c) If a lottery ticket dispenser includes any
8 component, subcomponent, mechanism, or feature that
9 is capable of generating numbers or symbols for use in the
10 play of a lottery game, or if the lottery ticket dispenser
11 communicates directly or indirectly with any device that
12 includes any component, subcomponent, mechanism, or
13 feature that is capable of generating numbers or symbols
14 for use in the play of a lottery game, that component,
15 subcomponent, mechanism, or feature may be used only
16 in the production and dispensing of lottery tickets
17 described in paragraph (2) of subdivision (a).

18 (d) A lottery ticket dispenser that dispenses tickets
19 described in paragraph (2) of subdivision (a) shall not
20 also be the device used in the subsequent draw to
21 determine winning tickets and shall not be capable of
22 causing, directly or indirectly, the operation of any device
23 used in the subsequent draw to determine winning
24 tickets.

25 (e) The lottery ticket dispenser shall not make change
26 or otherwise dispense coins, currency, or any thing of
27 value other than a lottery ticket.

28 (f) No lottery ticket dispenser that utilizes a television
29 monitor or video screen shall display or reproduce the
30 image or facsimile of, or any other visual representation
31 of, a lottery ticket that will be or has been dispensed or
32 issued from that lottery ticket dispenser. Nothing in this
33 subdivision shall preclude the use of television monitors
34 or video screens to transmit messages about lottery games
35 and game results, if those messages are not generated by
36 the lottery ticket dispenser.

37 SEC. 2. The Legislature finds that the enactment of
38 Section 1 of this act is in furtherance of the purpose of the
39 California State Lottery Act of 1984 because the sole
40 purpose of Section 1 is to enable the lottery commission



1 to employ electronic and electromechanical devices in
2 the sale of lottery tickets while ensuring that the devices
3 themselves do not become an object of play.

4 Professions Code is repealed.

5 SEC. 1.5. Chapter 5 (commencing with Section
6 19800) of Division 8 of the Business and Professions Code
7 is repealed.

8 SEC. 2. Chapter 5 (commencing with Section 19800)
9 is added to Division 8 of the Business and Professions
10 Code, to read:

11
12 CHAPTER 5. THE GAMBLING CONTROL ACT

13
14 Article 1. General Provisions

15
16 19800. This chapter shall be known and may be cited
17 as the "Gambling Control Act."

18 19801. The Legislature hereby finds and declares all
19 of the following:

20 (a) The longstanding public policy of this state
21 disfavors the business of gambling. State law prohibits
22 commercially operated lotteries, banked or percentage
23 games, gambling machines, and strictly regulates
24 parimutuel wagering on horseracing. To the extent that
25 state law categorically prohibits certain forms of
26 gambling and prohibits gambling devices, nothing herein
27 shall be construed, in any manner, to reflect a legislative
28 intent to relax those prohibitions.

29 (b) Gambling can become addictive and is not an
30 activity to be promoted or legitimized as entertainment
31 for children and families.

32 (c) Unregulated gambling enterprises are inimical to
33 the public health, safety, welfare, and good order.
34 Accordingly, no person in this state has a right to operate
35 a gambling enterprise except as may be expressly
36 permitted by the laws of this state and by the ordinances
37 of local governmental bodies.

38 (d) It is the policy of this state that gambling activities
39 that are not expressly prohibited or regulated by state law
40 may be prohibited or regulated by local government.



1 ~~Moreover, it is the policy of this state that no new card~~
2 ~~room may be opened in a city, county, or city and county~~
3 ~~in which a card room was not operating on and before~~
4 ~~January 1, 1984, except upon the affirmative vote of the~~
5 ~~electors of that city, county, or city and county.~~

6 ~~(e) It is not the purpose of this chapter to expand~~
7 ~~opportunities for gambling, or to create any right to~~
8 ~~operate a gambling enterprise in this state or to have a~~
9 ~~financial interest in any gambling enterprise. Rather, it is~~
10 ~~the purpose of this chapter to regulate businesses that~~
11 ~~offer otherwise lawful forms of gambling games.~~

12 ~~(f) Public trust that permissible gambling will not~~
13 ~~endanger public health, safety, or welfare requires that~~
14 ~~comprehensive measures be enacted to ensure that such~~
15 ~~gambling is free from criminal and corruptive elements,~~
16 ~~that it is conducted honestly and competitively, and that~~
17 ~~it is conducted in suitable locations.~~

18 ~~(g) Public trust and confidence can only be~~
19 ~~maintained by strict and comprehensive regulation of all~~
20 ~~persons, locations, practices, associations, and activities~~
21 ~~related to the operation of lawful gambling~~
22 ~~establishments.~~

23 ~~(h) All gambling operations, all persons having a~~
24 ~~significant involvement in gambling operations, and all~~
25 ~~establishments where gambling is conducted must be~~
26 ~~licensed and regulated to protect the public health,~~
27 ~~safety, and general welfare of the residents of this state as~~
28 ~~an exercise of the police powers of the state.~~

29 ~~(i) To ensure that gambling is conducted honestly,~~
30 ~~competitively, and free of criminal and corruptive~~
31 ~~elements, all licensed gambling establishments in this~~
32 ~~state must remain open to the general public and the~~
33 ~~access of the general public to licensed gambling~~
34 ~~activities must not be restricted in any manner, except as~~
35 ~~provided by the Legislature. However, subject to state~~
36 ~~and federal prohibitions against discrimination, nothing~~
37 ~~herein shall be construed to preclude exclusion of~~
38 ~~unsuitable persons from licensed gambling~~
39 ~~establishments in the exercise of reasonable business~~
40 ~~judgment.~~



1 ~~(j) In order to effectuate state policy as declared~~
2 ~~herein, it is necessary that gambling establishments and~~
3 ~~activities be licensed, that persons participating in those~~
4 ~~activities be licensed or registered, that certain~~
5 ~~transactions, events, and processes involving gambling~~
6 ~~establishments and owners of gambling establishments~~
7 ~~be subject to prior approval or permission, that unsuitable~~
8 ~~persons not be permitted to associate with gambling~~
9 ~~activities or gambling establishments, and that gambling~~
10 ~~activities take place only in suitable locations. Any license~~
11 ~~or permit issued, or other approval granted pursuant to~~
12 ~~this chapter, is declared to be a revocable privilege, and~~
13 ~~no holder acquires any vested right therein or~~
14 ~~thereunder.~~

15 ~~(k) The location and number of lawful gambling~~
16 ~~premises, the hours of operation of those premises, the~~
17 ~~number of tables permitted in those premises, and~~
18 ~~wagering limits in permissible games conducted in those~~
19 ~~premises are proper subjects for regulation by local~~
20 ~~governmental bodies. However, consideration of those~~
21 ~~same subjects by a state regulatory agency, as specified in~~
22 ~~this chapter, is warranted when local governmental~~
23 ~~regulation respecting those subjects is inadequate or the~~
24 ~~regulation fails to safeguard the legitimate interests of~~
25 ~~residents in other governmental jurisdictions.~~

26 ~~(l) The exclusion or ejection of certain persons from~~
27 ~~gambling establishments is necessary to effectuate the~~
28 ~~policies of this chapter and to maintain effectively the~~
29 ~~strict regulation of licensed gambling.~~

30 ~~(m) Records and reports of cash and credit~~
31 ~~transactions involving gambling establishments may~~
32 ~~have a high degree of usefulness in criminal and~~
33 ~~regulatory investigations and, therefore, licensed~~
34 ~~gambling operators may be required to keep records and~~
35 ~~make reports concerning significant cash and credit~~
36 ~~transactions.~~

37 ~~(n) It is the intent of the Legislature that this chapter~~
38 ~~apply to class III gaming operations conducted on Indian~~
39 ~~lands located in this state only through the tribal-state~~
40 ~~compacting process as provided by the federal Indian~~



1 ~~Gaming Regulatory Act (25 U.S.C. Sec. 2701 et seq.).~~
2 ~~Nothing herein precludes the negotiation of terms and~~
3 ~~conditions in a tribal-state compact that differ from the~~
4 ~~provisions of this chapter.~~

5 ~~19802. (a) It is the intent of the Legislature, in~~
6 ~~enacting this chapter, to provide uniform, minimum~~
7 ~~standards of regulation of permissible gambling activities~~
8 ~~and the operation of lawful gambling establishments.~~

9 ~~(b) Nothing in this chapter shall be construed to~~
10 ~~preclude any city, county, or city and county from~~
11 ~~prohibiting any gambling activity, from imposing more~~
12 ~~stringent local controls or conditions upon gambling than~~
13 ~~are imposed by this chapter or by the commission, from~~
14 ~~inspecting gambling premises to enforce applicable state~~
15 ~~and local laws, or from imposing any local tax or license~~
16 ~~fee, if the prohibition, control, condition, inspection, tax,~~
17 ~~or fee is not inconsistent with this chapter. Nothing in this~~
18 ~~chapter shall be construed to affect the responsibility of~~
19 ~~local law enforcement agencies to enforce the laws of this~~
20 ~~state, including this chapter.~~

21 ~~19804. (a) In any action for declaratory or injunctive~~
22 ~~relief, or for relief by way of any extraordinary writ, other~~
23 ~~than an action initiated pursuant to subdivision (c) of~~
24 ~~Section 19858 or pursuant to Section 19922, wherein the~~
25 ~~construction, application, or enforcement of this chapter,~~
26 ~~or any regulation adopted pursuant thereto, or any order~~
27 ~~of the division or the commission issued pursuant thereto,~~
28 ~~is called into question, a court shall not grant any~~
29 ~~preliminary or permanent injunction, or any peremptory~~
30 ~~writ of mandate, certiorari, or prohibition, in connection~~
31 ~~therewith, except as follows:~~

32 ~~(1) Upon proof by clear and convincing evidence that~~
33 ~~the division or the commission is abusing or threatens to~~
34 ~~abuse its discretion.~~

35 ~~(2) Upon proof by clear and convincing evidence that~~
36 ~~the division or the commission is exceeding or threatens~~
37 ~~to exceed its jurisdiction.~~

38 ~~(b) No temporary injunction or other provisional~~
39 ~~order shall issue to restrain, stay, or otherwise interfere~~
40 ~~with any action by the division or the commission except~~



1 upon a finding by the court, based on clear and
2 convincing evidence, that the public interest will not be
3 prejudiced thereby, and no such order shall be effective
4 for more than 15 calendar days.

5 (e) Nothing herein shall be construed to relieve a
6 petitioner's obligation to exhaust administrative
7 remedies.

8 (d) In an action for relief of any nature wherein the
9 construction, application, or enforcement of this chapter,
10 or any regulation adopted pursuant thereto, or any order
11 of the division or commission issued pursuant thereto, is
12 called into question, the party filing the pleading shall
13 furnish a copy thereof to the Attorney General. The copy
14 shall be furnished by the party filing the pleading within
15 10 business days after filing.

16 19805. As used in this chapter, the following words
17 mean:

18 (a) "Affiliate" means a person who, directly or
19 indirectly through one or more intermediaries, controls,
20 is controlled by, or is under common control with, a
21 specified person.

22 (b) "Applicant" means any person who has applied
23 for, or is about to apply for, a state gambling license,
24 manufacturer's or distributor's license, or approval of any
25 act or transaction for which commission approval is
26 required or permitted under this chapter.

27 (c) "Commission" means the California Gambling
28 Control Commission.

29 (d) "Controlled game" means any controlled game, as
30 defined by subdivision (d) of Section 337j of the Penal
31 Code.

32 (e) "Controlled gambling" means to deal, operate,
33 carry on, conduct, maintain, or expose for play, any
34 controlled game.

35 (f) "Director," when used in connection with a
36 corporation, means any director of a corporation or any
37 person performing similar functions with respect to any
38 organization. In any other case, "director" means the
39 Director of the Division of Gambling Control.



- 1 ~~(g) “Division” means the Division of Gambling~~
2 ~~Control in the Department of Justice.~~
- 3 ~~(h) “Finding of suitability” means a finding that a~~
4 ~~person meets the qualification criteria described in~~
5 ~~subdivisions (a) and (b) of Section 19848, and that the~~
6 ~~person would not be disqualified from holding a state~~
7 ~~gambling license on any of the grounds specified in~~
8 ~~subdivisions (b) to (f), inclusive, of Section 19850.~~
- 9 ~~(i) “Gambling” means to deal, operate, carry on,~~
10 ~~conduct, maintain, or expose for play any controlled~~
11 ~~game.~~
- 12 ~~(j) “Game” and “gambling game” means any~~
13 ~~controlled game.~~
- 14 ~~(k) “Gambling enterprise employee” means any~~
15 ~~natural person employed in the operation of a gambling~~
16 ~~enterprise, including, without limitation, dealers,~~
17 ~~floormen, security employees, count room personnel,~~
18 ~~stage personnel, collection personnel, surveillance~~
19 ~~personnel, data processing personnel, appropriate~~
20 ~~maintenance personnel, waiters and waitresses, and~~
21 ~~secretaries, or any other natural person whose~~
22 ~~employment duties require or authorize access to~~
23 ~~restricted gambling establishment areas.~~
- 24 ~~(l) “Gambling establishment” or establishment means~~
25 ~~one or more rooms where any controlled gambling~~
26 ~~occurs.~~
- 27 ~~(m) “Gambling license” means any license issued by~~
28 ~~the state that authorizes the person named therein to~~
29 ~~conduct a gambling operation.~~
- 30 ~~(n) “Gambling operation” or “gambling enterprise”~~
31 ~~means one or more controlled games that are dealt,~~
32 ~~operated, carried on, conducted, maintained, or exposed~~
33 ~~for play for commercial gain.~~
- 34 ~~(o) Except as provided by regulation, “gross revenue”~~
35 ~~means the total of all compensation received for~~
36 ~~conducting any controlled game, and includes cash~~
37 ~~received in payment for credit extended by an owner~~
38 ~~licensee to a patron for purposes of gambling.~~



1 ~~(p) Except as determined by regulation,~~
2 ~~“independent agent” means any person who does either~~
3 ~~of the following:~~

4 ~~(1) Approves or grants the extension of gambling~~
5 ~~credit on behalf of a gambling licensee or collects debt~~
6 ~~evidenced by a credit instrument.~~

7 ~~(2) Contracts with an owner licensee, or an affiliate~~
8 ~~thereof, to provide services consisting of arranging~~
9 ~~transportation or lodging for guests at a gambling~~
10 ~~establishment.~~

11 ~~(q) “Key employee” means any natural person~~
12 ~~employed in the operation of a gambling enterprise in a~~
13 ~~supervisory capacity or empowered to make~~
14 ~~discretionary decisions that regulate gambling~~
15 ~~operations, including, without limitation, pit bosses, shift~~
16 ~~bosses, credit executives, cashier operations supervisors,~~
17 ~~gambling operation managers and assistant managers,~~
18 ~~managers or supervisors of security employees, or any~~
19 ~~other natural person designated as a key employee by the~~
20 ~~commission for reasons consistent with the policies of this~~
21 ~~chapter.~~

22 ~~(r) “Key employee license” means a state license~~
23 ~~authorizing the holder to be associated with a gambling~~
24 ~~enterprise as a key employee.~~

25 ~~(s) “Licensed gambling establishment” means the~~
26 ~~gambling premises encompassed by a state gambling~~
27 ~~license.~~

28 ~~(t) “Limited partnership” means a partnership~~
29 ~~formed by two or more persons having as members one~~
30 ~~or more general partners and one or more limited~~
31 ~~partners.~~

32 ~~(u) “Limited partnership interest” means the right of~~
33 ~~a general or limited partner to any of the following:~~

34 ~~(1) To receive from a limited partnership any of the~~
35 ~~following:~~

36 ~~(A) A share of the revenue.~~

37 ~~(B) Any other compensation by way of income.~~

38 ~~(C) A return of any or all of his or her contribution to~~
39 ~~capital of the limited partnership.~~



1 ~~(2) To exercise any of the rights provided under state~~
2 ~~law.~~

3 ~~(v) “Owner licensee,” means an owner of a gambling~~
4 ~~enterprise who holds a state gambling license.~~

5 ~~(w) Unless otherwise indicated, “person” includes a~~
6 ~~natural person, corporation, partnership, limited~~
7 ~~partnership, trust, joint venture, association, or any other~~
8 ~~business organization.~~

9 ~~(x) “Work permit” means any card, certificate, or~~
10 ~~permit issued by the commission or by a county, city, or~~
11 ~~city and county, whether denominated as a work permit,~~
12 ~~registration card, or otherwise, authorizing the holder to~~
13 ~~be employed as a gambling enterprise employee or to~~
14 ~~serve as an independent agent. A document issued by any~~
15 ~~governmental authority for any employment other than~~
16 ~~gambling is not a valid work permit for the purposes of~~
17 ~~this chapter.~~

18 ~~19806. (a) Nothing in this chapter shall be construed~~
19 ~~in any way to permit or authorize any conduct made~~
20 ~~unlawful by Chapter 9 (commencing with Section 319)~~
21 ~~of, or Chapter 10 (commencing with Section 330) of, Title~~
22 ~~9 of Part 1 of the Penal Code, or any local ordinance.~~

23 ~~19807. Except as otherwise provided in this chapter,~~
24 ~~whenever the division or commission is a defendant or~~
25 ~~respondent in any proceeding, venue for the proceeding~~
26 ~~shall be in the County of Sacramento, the City and~~
27 ~~County of San Francisco, the County of Los Angeles, or~~
28 ~~the County of San Diego.~~

29

30 Article 2. Administration

31

32 ~~19810. There is in state government the California~~
33 ~~Gambling Control Commission, consisting of five~~
34 ~~members. Jurisdiction and supervision over gambling~~
35 ~~establishments in this state and over all persons or things~~
36 ~~having to do with the operations of gambling~~
37 ~~establishments is vested in the commission.~~

38 ~~19811. (a) Each member of the commission shall be a~~
39 ~~citizen of the United States and a resident of this state.~~



1 ~~(b) No Member of the Legislature, no person holding~~
2 ~~any elective office in state, county, or local government,~~
3 ~~and no officer or official of any political party is eligible~~
4 ~~for appointment to the commission.~~

5 ~~(c) No more than three of the five members of the~~
6 ~~commission shall be members of the same political party.~~

7 ~~(d) A person is ineligible for appointment to the~~
8 ~~commission if, within two years prior to appointment, the~~
9 ~~person, or any partnership or corporation in which the~~
10 ~~person is a principal, was employed by, retained by, or~~
11 ~~derived substantial income from, any gambling~~
12 ~~establishment.~~

13 ~~For purposes of this subdivision, “gambling~~
14 ~~establishment” means one or more rooms wherein any~~
15 ~~gaming within the meaning of Chapter 10 (commencing~~
16 ~~with Section 330) of Title 9 of Part 1 of the Penal Code,~~
17 ~~or any controlled game within the meaning of Section~~
18 ~~337j of the Penal Code, is conducted, whether or not the~~
19 ~~activity occurred in California.~~

20 ~~19812. (a) Of the members initially appointed, one~~
21 ~~shall be appointed for a term of two years, one shall be~~
22 ~~appointed for a term of three years, one shall be~~
23 ~~appointed for a term of four years, and two shall be~~
24 ~~appointed for a term of five years. After the initial terms,~~
25 ~~the term of office of each member of the commission is~~
26 ~~five years.~~

27 ~~(b) The initial appointments shall be made on or~~
28 ~~before March 1, 1996. Thereafter, vacancies shall be filled~~
29 ~~within 60 days of the date of the vacancy subject to~~
30 ~~confirmation by the Senate.~~

31 ~~(c) Any commissioner may be removed for~~
32 ~~incompetence, neglect of duty, or corruption upon first~~
33 ~~giving him or her a copy of the charges and an~~
34 ~~opportunity to be heard.~~

35 ~~19813. (a) During their term of office, the~~
36 ~~commission members shall not engage in any other~~
37 ~~business, vocation, or employment.~~

38 ~~(b) Before entering upon the duties of his or her office,~~
39 ~~each member shall subscribe to the constitutional oath of~~
40 ~~office and, in addition, swear that he or she is not, and~~



1 during his or her term of office shall not be, pecuniarily
2 interested in, or doing business with, any person, business,
3 or organization holding a gambling license.

4 19814. The members of the commission shall receive
5 the salary provided for by Section 11553.5 of the
6 Government Code.

7 19815. (a) The commission shall have an executive
8 secretary appointed by the commission. A person is
9 ineligible for appointment as executive secretary or
10 deputy executive secretary if, within two years prior to
11 appointment, the person, or any partnership or
12 corporation in which the person is a principal, was
13 employed by, retained by, or derived substantial income
14 from, any gambling establishment, whether or not a
15 controlled gambling establishment.

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

28 19815.5. The commission shall establish a Gambling
29 Policy Advisory Committee of 10 members. The
30 committee shall be composed of representatives of
31 controlled gambling licensees and members of the
32 general public in equal numbers. The executive secretary
33 shall, from time to time, convene the committee for the
34 exclusive purpose of discussing matters of controlled
35 gambling regulatory policy. The recommendations
36 concerning gambling policy made by the committee shall
37 be presented to the division and the commission, but shall
38 be deemed advisory and not binding on the division or
39 the commission in the performance of their duties or
40 functions.



1 ~~19815.8. The commission shall investigate the~~
2 ~~following matters:~~

3 ~~(a) The consequences, benefits, and disadvantages of~~
4 ~~imposing a state tax on revenue generated by licensed~~
5 ~~gambling establishments.~~

6 ~~(b) Regulation of advertising for the purpose of~~
7 ~~limiting exposure of children to materials promoting~~
8 ~~gambling.~~

9 ~~(c) The commission shall report its findings to the~~
10 ~~Legislature and the Governor no later than January 1,~~
11 ~~1998.~~

12 ~~19816. The division shall furnish to the commission all~~
13 ~~investigative and technical services as may be necessary~~
14 ~~for the purpose of carrying out the commission's~~
15 ~~functions.~~

16 ~~19817. (a) The commission shall establish and~~
17 ~~maintain a general office for the transaction of its business~~
18 ~~in Sacramento. The commission may hold meetings at~~
19 ~~any place within the state when the interests of the public~~
20 ~~may be better served.~~

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

23 ~~(c) A majority of the membership of the commission~~
24 ~~is a quorum of the commission. The concurring vote of~~
25 ~~three members of the commission shall be required for~~
26 ~~any official action of the commission or for the exercise of~~
27 ~~any of the commission's duties, powers, or functions.~~

28 ~~(d) Except as otherwise provided in this chapter,~~
29 ~~Article 9 (commencing with Section 11120) of Chapter 1~~
30 ~~of Part 1 of Division 3 of Title 2 of the Government Code~~
31 ~~applies to meetings of the commission. Notwithstanding~~
32 ~~Section 11125.1 of the Government Code, documents that~~
33 ~~are filed with the commission by the division for the~~
34 ~~purpose of evaluating the qualifications of an applicant~~
35 ~~are exempt from disclosure under Chapter 3.5~~
36 ~~(commencing with Section 6250) of Division 7 of Title 1~~
37 ~~of the Government Code.~~

38 ~~19818. The chairperson of the commission may~~
39 ~~appoint no more than two attorneys as counsel to the~~
40 ~~commission. However, only the Attorney General shall be~~



1 ~~the attorney for, and shall represent, the commission in~~
2 ~~any proceeding before any court.~~

3 ~~19820. (a) The commission shall cause to be made~~
4 ~~and kept a record of all proceedings at regular and special~~
5 ~~meetings of the commission. These records shall be open~~
6 ~~to public inspection.~~

7 ~~(b) The commission shall maintain a file of all~~
8 ~~applications for licenses under this chapter, together with~~
9 ~~a record of all action taken with respect to those~~
10 ~~applications. The file and record shall be open to public~~
11 ~~inspection.~~

12 ~~(c) The division and commission may maintain any~~
13 ~~other files and records as they deem appropriate. Except~~
14 ~~as provided in this chapter, the records of the division are~~
15 ~~exempt from disclosure under Chapter 3.5 (commencing~~
16 ~~with Section 6250) of Division 7 of Title 1 of the~~
17 ~~Government Code.~~

18 ~~(d) Except as necessary for the administration of this~~
19 ~~chapter, no commissioner and no official, employee, or~~
20 ~~agent of the commission or division, having obtained~~
21 ~~access to confidential records or information in the~~
22 ~~performance of duties pursuant to this chapter, shall~~
23 ~~knowingly disclose or furnish the records or information,~~
24 ~~or any part thereof, to any person who is not authorized~~
25 ~~by law to receive it. A violation of this subdivision is a~~
26 ~~misdemeanor.~~

27 ~~(e) Notwithstanding subdivision (k) of Section 1798.24~~
28 ~~of the Civil Code, a court shall not compel disclosure of~~
29 ~~personal information in the possession of the division or~~
30 ~~the commission to any person in any civil proceeding~~
31 ~~wherein the division or the commission is not a party,~~
32 ~~except for good cause and upon a showing that the~~
33 ~~information cannot otherwise be obtained. Nothing~~
34 ~~herein shall be construed to authorize the disclosure of~~
35 ~~personal information that would otherwise be exempt~~
36 ~~from disclosure.~~

37 ~~19821. (a) All files, records, reports, and other~~
38 ~~information in possession of any state or local~~
39 ~~governmental agency that are relevant to an~~
40 ~~investigation by the division conducted pursuant to this~~



1 chapter shall be made available to the division as
2 requested. However, any tax information received from
3 a governmental agency shall be used solely for
4 effectuating the purposes of this chapter. To the extent
5 that the files, records, reports, or information described
6 in this subdivision are confidential or otherwise
7 privileged from disclosure under any law or exercise of
8 discretion, they shall not lose that confidential or
9 privileged status for having been disclosed to the division.

10 (b) All files, records, reports, and other information
11 pertaining to gambling matters in the possession of the
12 division shall be open at all times to inspection by
13 members of the commission.

14 19822. The responsibilities of the commission shall
15 include, without limitation, the following:

16 (a) Assuring that licenses, approvals, and permits are
17 not issued to, or held by, unqualified or disqualified
18 persons, or by persons whose operations are conducted in
19 a manner that is inimical to the public health, safety, or
20 welfare.

21 (b) Assuring that there is no material involvement,
22 directly or indirectly, with a licensed gambling operation,
23 or the ownership or management thereof, by unqualified
24 or disqualified persons, or by persons whose operations
25 are conducted in a manner that is inimical to the public
26 health, safety, or welfare.

27 (c) For purposes of this section, “unqualified person”
28 means a person who is found by the commission to be
29 unqualified pursuant to the criteria set forth in Section
30 19848, and “disqualified person” means a person who is
31 found by the commission to be disqualified pursuant to
32 the criteria set forth in Section 19850.

33 19823. The commission shall have all powers
34 necessary and proper to enable it fully and effectually to
35 carry out the policies and purposes of this chapter,
36 including, without limitation, the power to do all of the
37 following:

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



1 ~~(b) Deny any application for a license or approval; to~~
2 ~~limit, condition, restrict, suspend, or revoke any license~~
3 ~~or approval; or to impose any fine upon any person~~
4 ~~licensed or approved, for any cause deemed reasonable~~
5 ~~by the commission.~~

6 ~~(c) Approve or disapprove transactions, events, and~~
7 ~~processes as provided in this chapter.~~

8 ~~(d) Take actions deemed to be reasonable to ensure~~
9 ~~that no ineligible, unqualified, disqualified, or unsuitable~~
10 ~~persons are associated with controlled gambling~~
11 ~~activities.~~

12 ~~(e) Take actions deemed to be reasonable to ensure~~
13 ~~that gambling activities take place only in suitable~~
14 ~~locations.~~

15 ~~(f) Grant temporary licenses or approvals on~~
16 ~~appropriate terms and conditions.~~

17 ~~(g) Institute a civil action in any superior court against~~
18 ~~any person subject to this chapter to restrain a violation~~
19 ~~of this chapter. An action brought against a person~~
20 ~~pursuant to this section does not preclude a criminal~~
21 ~~action or administrative proceeding against that person~~
22 ~~by the Attorney General or any district attorney or city~~
23 ~~attorney.~~

24 ~~19824. The division shall have all of the following~~
25 ~~responsibilities:~~

26 ~~(a) To investigate the qualifications of applicants~~
27 ~~before any license is issued, and to investigate any request~~
28 ~~to the commission for any approval or permission that~~
29 ~~may be required pursuant to this chapter. The division~~
30 ~~may recommend the denial or the limitation,~~
31 ~~conditioning, or restriction of any license, approval, or~~
32 ~~permission.~~

33 ~~(b) To monitor the conduct of all licensees and other~~
34 ~~persons having a material involvement, directly or~~
35 ~~indirectly, with a gambling operation or its holding~~
36 ~~company, for the purpose of ensuring that licenses are not~~
37 ~~issued or held by, and that there is no direct or indirect~~
38 ~~material involvement with, a gambling operation or~~
39 ~~holding company by ineligible, unqualified, disqualified,~~
40 ~~or unsuitable persons, or persons whose operations are~~



1 ~~conducted in a manner that is inimical to the public~~
2 ~~health, safety, or welfare.~~

3 ~~(e) To investigate suspected violations of this chapter~~
4 ~~or laws of this state relating to gambling, including any~~
5 ~~activity prohibited by Chapter 9 (commencing with~~
6 ~~Section 319) or Chapter 10 (commencing with Section~~
7 ~~330) of Title 9 of Part 1 of the Penal Code.~~

8 ~~(d) To investigate complaints that are lodged against~~
9 ~~licensees, or other persons associated with a gambling~~
10 ~~operation, by members of the public.~~

11 ~~(e) To initiate, where appropriate, disciplinary actions~~
12 ~~as provided in this chapter. In connection with any~~
13 ~~disciplinary action, the division may seek restriction,~~
14 ~~limitation, suspension, or revocation of any license or~~
15 ~~approval, or the imposition of any fine upon any person~~
16 ~~licensed or approved.~~

17 ~~19825. (a) The division has all power necessary and~~
18 ~~proper to enable it to carry out fully and effectually the~~
19 ~~duties and responsibilities of the division specified in this~~
20 ~~chapter. The powers of the division include, but are not~~
21 ~~limited to, all of the following:~~

22 ~~(1) Upon approval of the director, and without notice~~
23 ~~or warrant, take any of the following actions:~~

24 ~~(A) Visit, investigate, and place expert accountants,~~
25 ~~technicians, and any other persons, as it may deem~~
26 ~~necessary, in all areas of the premises wherein controlled~~
27 ~~gambling is conducted for the purpose of determining~~
28 ~~compliance with the rules and regulations adopted~~
29 ~~pursuant to this chapter.~~

30 ~~(B) Summarily seize, remove, and impound any~~
31 ~~equipment, supplies, documents, or records from any~~
32 ~~licensed premises for the purpose of examination and~~
33 ~~inspection. However, upon reasonable demand by the~~
34 ~~licensee or the licensee's authorized representative, a~~
35 ~~copy of all documents and records seized shall be made~~
36 ~~and left on the premises.~~

37 ~~(C) Demand access to, and inspect, examine,~~
38 ~~photocopy, and audit all papers, books, and records of an~~
39 ~~owner licensee, on the gambling premises in the presence~~
40 ~~of the licensee or his or her agent.~~



1 ~~(2) Except as provided in paragraph (1), upon~~
2 ~~obtaining an inspection warrant pursuant to Section~~
3 ~~1822.60 of the Code of Civil Procedure, inspect and seize~~
4 ~~for inspection, examination, or photocopying any~~
5 ~~property possessed, controlled, bailed, or otherwise held~~
6 ~~by any applicant, licensee, or any intermediary company,~~
7 ~~or holding company.~~

8 ~~(3) Investigate, for purposes of prosecution, any~~
9 ~~suspected criminal violation of this chapter. However,~~
10 ~~nothing in this paragraph limits the powers conferred by~~
11 ~~any other provision of law on agents of the division who~~
12 ~~are peace officers.~~

13 ~~(4) Do both of the following:~~

14 ~~(A) Issue subpoenas to require the attendance and~~
15 ~~testimony of witnesses and the production of books,~~
16 ~~records, documents, and physical materials.~~

17 ~~(B) Administer oaths, examine witnesses under oath,~~
18 ~~take evidence, and take depositions and affidavits or~~
19 ~~declarations. Notwithstanding Section 11189 of the~~
20 ~~Government Code, the division, without leave of court,~~
21 ~~may take the deposition of any applicant or any licensee.~~
22 ~~Sections 11185 and 11191 of the Government Code do not~~
23 ~~apply to a witness who is an applicant or a licensee.~~

24 ~~(b) (1) Subdivision (a) shall not be construed to limit~~
25 ~~warrantless inspections except as required by the~~
26 ~~California or United States Constitution.~~

27 ~~(2) Subdivision (a) shall not be construed to prevent~~
28 ~~entries and administrative inspections, including seizures~~
29 ~~of property, without a warrant in the following~~
30 ~~circumstances:~~

31 ~~(A) With the consent of the owner, operator, or agent~~
32 ~~in charge of the premises.~~

33 ~~(B) In situations presenting imminent danger to~~
34 ~~health and safety.~~

35 ~~(C) In situations involving inspection of conveyances~~
36 ~~where there is reasonable cause to believe that the~~
37 ~~mobility of the conveyance makes it impractical to obtain~~
38 ~~a warrant, or in any other exceptional or emergency~~
39 ~~circumstance where time or opportunity to apply for a~~
40 ~~warrant is lacking.~~



1 ~~(D) In accordance with this chapter.~~

2 ~~(E) In all other situations where a warrant is not~~
3 ~~constitutionally required.~~

4 ~~19827. (a) Without limiting any privilege that is~~
5 ~~otherwise available under law, any communication or~~
6 ~~document from, or concerning, an applicant, licensee, or~~
7 ~~registrant is absolutely privileged under the following~~
8 ~~circumstances:~~

9 ~~(1) It was made or published by an agent or employee~~
10 ~~of the division or commission in the proper discharge of~~
11 ~~official duties or in the course of any proceeding under~~
12 ~~this chapter.~~

13 ~~(2) It was required to be made or transmitted to the~~
14 ~~division or commission, or any of its agents or employees~~
15 ~~by law, regulation, or subpoena of the division or the~~
16 ~~commission.~~

17 ~~(3) It was made or transmitted to the division for the~~
18 ~~purpose of causing, or during the course of an~~
19 ~~investigation conducted pursuant to this chapter. No~~
20 ~~statement, and no publication of any document,~~
21 ~~described in this subdivision, shall impose liability for~~
22 ~~defamation or constitute a ground for recovery in any~~
23 ~~civil action.~~

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

31 ~~(c) The division, commission, and their agents and~~
32 ~~employees shall not release or disclose any information,~~
33 ~~documents, or communications provided by an applicant~~
34 ~~or licensee that are privileged pursuant to Division 8~~
35 ~~(commencing with Section 900) of the Evidence Code,~~
36 ~~without the prior written consent of the applicant or~~
37 ~~licensee, or pursuant to lawful court order after timely~~
38 ~~notice of the proceedings has been given to the applicant~~
39 ~~or licensee. An application to a court for an order~~
40 ~~requiring the division or the commission to release any~~



1 information declared by law to be confidential shall be
2 made only upon motion made in writing on not less than
3 10 business days' notice to the division or the commission;
4 and to all persons who may be affected by the entry of the
5 order.

6 19828. Every district attorney, and every state and
7 local law enforcement agency, shall furnish to the
8 division, on forms prepared by the division, all
9 information obtained during the course of any substantial
10 investigation or prosecution of any person, as determined
11 by the division, if it appears that a violation of any law
12 related to gambling has occurred, including any violation
13 of Chapter 9 (commencing with Section 319) or Chapter
14 10 (commencing with Section 330) of Title 9 of Part 1 of
15 the Penal Code.

16 19829. There is an investigative account within the
17 Gambling Control Fund.

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

24

25 Article 3.— Regulations

26

27 19830. (a) The commission may adopt regulations for
28 the administration and enforcement of this chapter. The
29 division may adopt regulations reasonably related to its
30 functions and duties as specified in this chapter. To the
31 extent appropriate, regulations of the commission and
32 division shall take into consideration the operational
33 differences of large and small establishments.

34 (b) Except as expressly provided in this chapter,
35 Chapter 3.5 (commencing with Section 11340) of Part 1
36 of Division 3 of Title 2 of the Government Code shall not
37 apply to any regulation adopted pursuant to this article.
38 Failure to comply with this article shall not affect the
39 validity of any regulation adopted by the commission or
40 the division, or any amendment or repeal of the



1 ~~regulation, if there has been substantial compliance with~~
2 ~~this article.~~

3 ~~19831. (a) In emergencies, the commission or the~~
4 ~~division may summarily adopt, amend, or repeal any~~
5 ~~regulation, if, at the time, the commission or the division~~
6 ~~makes a finding that the action is necessary for the~~
7 ~~immediate preservation of the public peace, health,~~
8 ~~safety, morals, good order, or general welfare, together~~
9 ~~with a statement of the facts constituting the emergency.~~

10 ~~(b) Regulations adopted by the commission or the~~
11 ~~division on or before September 1, 1996, for the purpose~~
12 ~~of implementing this chapter, shall be deemed to be~~
13 ~~emergency regulations and shall take effect immediately~~
14 ~~upon adoption. Prior to August 1, 1996, the commission~~
15 ~~shall conduct a public hearing for the purpose of~~
16 ~~receiving public comment on regulations adopted, or~~
17 ~~proposed to be adopted, pursuant to this subdivision.~~

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

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

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

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

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



1 of persons who the commission or division believes to be
2 interested in the proposed action. The notice of proposed
3 adoption, amendment, or repeal of a regulation shall
4 include all of the following:

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

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

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

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

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

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

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



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

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

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

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

22 ~~(2) The reasons for the request.~~

23 ~~(3) Reference to the authority of the commission or~~
24 ~~division to take the action requested.~~

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

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

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

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

36 ~~(2) Prescribing the information to be furnished by any~~
37 ~~applicant, licensee, or registrant concerning, as~~
38 ~~appropriate, the person's personal history, habits,~~
39 ~~character, associates, criminal record, business activities;~~



1 ~~organizational structure, and financial affairs, past or~~
2 ~~present.~~

3 ~~(3) Prescribing the information to be furnished by an~~
4 ~~owner licensee relating to the licensee's gambling~~
5 ~~employees.~~

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

9 ~~(5) Prescribing the manner and method of collection~~
10 ~~and payment of fees and issuance of licenses.~~

11 ~~(b) Providing for the approval of game rules and~~
12 ~~equipment by the commission to ensure fairness to the~~
13 ~~public and compliance with state laws.~~

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

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

18 ~~(e) Requiring owner licensees to report and keep~~
19 ~~records of transactions, as determined by the commission,~~
20 ~~involving cash or credit. The regulations may include,~~
21 ~~without limitation, regulations requiring owner licensees~~
22 ~~to file with the division reports similar to those required~~
23 ~~by Sections 5313 and 5314 of Title 31 of the United States~~
24 ~~Code, and by Sections 103.22 and 103.23 of Title 31 of the~~
25 ~~Code of Federal Regulations, and any successor~~
26 ~~provisions thereto, from financial institutions, as defined~~
27 ~~by Section 5312 of Title 31 of the United States Code and~~
28 ~~Section 103.11 of Title 31 of the Code of Federal~~
29 ~~Regulations, and any successor provisions thereto.~~

30 ~~(f) Providing for the receipt of protests and written~~
31 ~~comments on an application by public agencies, public~~
32 ~~officials, local governing bodies, or residents of the~~
33 ~~location of the gambling establishment or future~~
34 ~~gambling establishment.~~

35 ~~(g) Providing for the disapproval of advertising by~~
36 ~~licensed gambling establishments that is determined by~~
37 ~~the commission to be deceptive to the public.~~
38 ~~Advertisement that appeals to children, promotes the~~
39 ~~theme of family entertainment, or offers gambling as a~~
40 ~~means of becoming wealthy is presumptively deceptive.~~



1 ~~(h) Governing all of the following:~~

2 ~~(1) The extension of credit.~~

3 ~~(2) The cashing, deposit, and redemption of checks or~~
4 ~~other negotiable instruments.~~

5 ~~(3) The verification of identification in monetary~~
6 ~~transactions.~~

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

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

13 ~~(2) Prescribing the manner in which compensation~~
14 ~~from games and gross revenue shall be computed and~~
15 ~~reported by an owner licensee.~~

16 ~~(3) The provision of reliable records, accounts, and~~
17 ~~reports of transactions, operations, and events, including~~
18 ~~reports to the division and the commission.~~

19 ~~(j) Providing for the adoption and use of internal~~
20 ~~audits, whether by qualified internal auditors or by~~
21 ~~certified public accountants. As used in this subdivision,~~
22 ~~“internal audit” means a type of control that operates~~
23 ~~through the testing and evaluation of other controls and~~
24 ~~that is also directed toward observing proper compliance~~
25 ~~with the minimum standards of control prescribed in~~
26 ~~subdivision (i).~~

27 ~~(k) Requiring periodic financial reports from each~~
28 ~~owner licensee.~~

29 ~~(l) Specifying standard forms for reporting financial~~
30 ~~conditions, results of operations, and other relevant~~
31 ~~financial information.~~

32 ~~(m) Formulating a uniform code of accounts and~~
33 ~~accounting classifications to ensure consistency,~~
34 ~~comparability, and effective disclosure of financial~~
35 ~~information.~~

36 ~~(n) Prescribing intervals at which the information in~~
37 ~~subdivisions (k) to (m), inclusive, shall be furnished to~~
38 ~~the commission.~~

39 ~~(o) Requiring audits to be conducted in accordance~~
40 ~~with generally accepted auditing standards, of the~~



1 ~~financial statements of all owner licensees whose annual~~
2 ~~gross revenues equal or exceed a specified sum. However,~~
3 ~~nothing herein shall be construed to limit the~~
4 ~~commission's authority to require audits of any owner~~
5 ~~licensee. Audits, compilations, and reviews provided for~~
6 ~~in this subdivision shall be made by independent certified~~
7 ~~public accountants licensed to practice in this state.~~

8 ~~(p) Restricting, limiting, or otherwise regulating any~~
9 ~~activity that is related to the conduct of controlled~~
10 ~~gambling, consistent with the purposes of this chapter.~~

11 ~~(q) Defining and limiting the area, games, and~~
12 ~~equipment permitted, or the method of operation of~~
13 ~~games and equipment, when, at the request of a sheriff~~
14 ~~or district attorney, the commission determines that local~~
15 ~~regulation of these subjects is insufficient to protect the~~
16 ~~health, safety, or welfare of residents in geographical~~
17 ~~areas proximate to a gambling establishment.~~

18 ~~(r) Prohibiting gambling establishments from cashing~~
19 ~~checks, other than payroll checks or checks for the~~
20 ~~delivery of goods or services, drawn against any federal,~~
21 ~~state, or county fund, including, but not limited to, social~~
22 ~~security, unemployment insurance, disability payments,~~
23 ~~or public assistance payments.~~

24 ~~19834.5. The commission shall not prohibit, on a~~
25 ~~statewide basis, any controlled game that was lawfully~~
26 ~~played in California prior to July 1, 1995. Nothing in this~~
27 ~~section shall be construed to preclude the commission~~
28 ~~from prohibiting, on a statewide basis, any game that is~~
29 ~~made unlawful in this state by any law.~~

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

37 ~~(b) In making the determination described in~~
38 ~~subdivision (a), the commission may consider, but is not~~
39 ~~limited to, any of the following:~~



1 ~~(1) Prior conviction of a crime that is a felony in this~~
2 ~~state or under the laws of the United States, a crime~~
3 ~~involving moral turpitude, or a violation of the gambling~~
4 ~~laws of this or any other state.~~

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

10 ~~(3) A notorious or unsavory reputation that would~~
11 ~~adversely affect public confidence and trust that the~~
12 ~~gambling industry is free from criminal or corruptive~~
13 ~~elements.~~

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

16 ~~(e) The commission shall distribute the list of persons~~
17 ~~who are to be excluded or ejected from any gambling~~
18 ~~establishment to all owner licensees and shall provide~~
19 ~~notice to any persons included on the list.~~

20 ~~(d) The commission shall adopt regulations~~
21 ~~establishing procedures for hearing petitions by persons~~
22 ~~who are ejected or excluded from licensed premises~~
23 ~~pursuant to this section or pursuant to Section 19835.5.~~

24 ~~(e) The commission may revoke, limit, condition, or~~
25 ~~suspend the license of an owner, or fine an owner~~
26 ~~licensee, if that licensee knowingly fails to exclude or~~
27 ~~eject from the gambling establishment of that licensee~~
28 ~~any person included on the list of persons to be excluded~~
29 ~~or ejected.~~

30 ~~19835.5. (a) A licensee may remove from his or her~~
31 ~~licensed premises any person who, while on the premises:~~

32 ~~(1) Is a disorderly person as defined by Section 647 of~~
33 ~~the Penal Code.~~

34 ~~(2) Interferes with a lawful gambling operation.~~

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

36 ~~(4) Beggars, is boisterous, or is otherwise offensive to~~
37 ~~other persons.~~

38 ~~(5) Commits any public offense.~~

39 ~~(6) Is intoxicated.~~



1 ~~(7) Is a person who the commission, by regulation, has~~
2 ~~determined should be excluded from licensed gambling~~
3 ~~establishments in the public interest.~~

4 ~~(b) Nothing in this section shall be deemed, expressly~~
5 ~~or impliedly, to preclude a licensee from exercising the~~
6 ~~right to deny access to or to remove any person from its~~
7 ~~premises or property for any reason the licensee deems~~
8 ~~appropriate.~~

9

10 ~~Article 4. Licensing~~

11

12 ~~19840. Every person who, either as owner, lessee, or~~
13 ~~employee, whether for hire or not, either solely or in~~
14 ~~conjunction with others, deals, operates, carries on,~~
15 ~~conducts, maintains, or exposes for play any controlled~~
16 ~~game in this state, or who receives, directly or indirectly,~~
17 ~~any compensation or reward, or any percentage or share~~
18 ~~of the money or property played, for keeping, running, or~~
19 ~~carrying on any controlled game in this state, shall obtain,~~
20 ~~and thereafter maintain a valid state gambling license,~~
21 ~~key employee license, or work permit, as specified in this~~
22 ~~chapter. In any criminal prosecution for violation of this~~
23 ~~section, the punishment shall be as provided in Section~~
24 ~~337j of the Penal Code.~~

25 ~~19840.5. (a) The owner of a gambling enterprise shall~~
26 ~~apply for and obtain a state gambling license.~~

27 ~~(b) Other persons who also obtain a state gambling~~
28 ~~license, or key employee license, as required by this~~
29 ~~chapter, shall not receive a separate license certificate,~~
30 ~~but the license of every such person shall be endorsed on~~
31 ~~the license that is issued to the owner of the gambling~~
32 ~~enterprise.~~

33 ~~19841. An owner of a gambling enterprise that is not~~
34 ~~a natural person shall not be eligible for a state gambling~~
35 ~~license unless each of the following persons individually~~
36 ~~applies for and obtains a state gambling license:~~

37 ~~(a) If the owner is a corporation, then each officer,~~
38 ~~director, and shareholder, other than a holding or~~
39 ~~intermediary company, of the owner.~~



1 ~~(b) If the owner is a partnership, then every general~~
2 ~~and limited partner of, and every trustee or person, other~~
3 ~~than a holding or intermediary company, having or~~
4 ~~acquiring a direct or beneficial interest in, that~~
5 ~~partnership owner.~~

6 ~~(c) If the owner is a trust, then the trustee, every~~
7 ~~beneficiary, and, in the discretion of the commission, the~~
8 ~~trustor of the trust.~~

9 ~~(d) If the owner is a business organization other than~~
10 ~~a corporation, partnership, or trust, then all those persons~~
11 ~~as the commission may require, consistent with this~~
12 ~~chapter.~~

13 ~~(e) Each person who receives, or is to receive, any~~
14 ~~percentage share of the revenue earned by the owner~~
15 ~~from gambling activities.~~

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

21 ~~19842. (a) The commission, by regulation or order,~~
22 ~~may require that the following persons register with the~~
23 ~~commission, apply for a finding of suitability, or apply for~~
24 ~~a gambling license:~~

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

30 ~~(2) Any person who owns an interest in the premises~~
31 ~~of a licensed gambling establishment or in real property~~
32 ~~used by a licensed gambling establishment.~~

33 ~~(3) Any person who does business on the premises of~~
34 ~~a licensed gambling establishment.~~

35 ~~(4) Any person who is an independent agent of, or~~
36 ~~does business with, a gambling enterprise as a ticket~~
37 ~~purveyor, a tour operator, the operator of a bus program,~~
38 ~~or the operator of any other type of travel program or~~
39 ~~promotion operated with respect to a licensed gambling~~
40 ~~establishment.~~



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

5 ~~(6) Every person who, in the judgment of the~~
6 ~~commission, has the power to exercise a significant~~
7 ~~influence over the gambling operation.~~

8 ~~(b) Paragraphs (2), (3), and (4) of subdivision (a) do~~
9 ~~not apply to a publicly traded corporation that is engaged~~
10 ~~in the activity described in those paragraphs.~~

11 ~~19844. (a) Every key employee shall apply for and~~
12 ~~obtain a key employee license.~~

13 ~~(b) Licenses issued to key employees shall be for~~
14 ~~specified positions only, and those positions shall be~~
15 ~~enumerated in the endorsement described in subdivision~~
16 ~~(b) of Section 19840.5.~~

17 ~~(c) No person may be issued a key employee license~~
18 ~~unless the person would qualify for a state gambling~~
19 ~~license.~~

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

22 ~~19846. (a) Every person who, by statute or~~
23 ~~regulation, is required to hold a state license shall obtain~~
24 ~~the license prior to engaging in the activity or occupying~~
25 ~~the position with respect to which the license is required.~~
26 ~~Every person who, by order of the commission, is~~
27 ~~required to apply for a gambling license or a finding of~~
28 ~~suitability shall file the application within 30 calendar~~
29 ~~days after receipt of the commission's order.~~

30 ~~19847. (a) Any person who the commission~~
31 ~~determines is qualified to receive a state license, having~~
32 ~~due consideration for the proper protection of the health,~~
33 ~~safety, and general welfare of the residents of the State of~~
34 ~~California and the declared policy of this state, may be~~
35 ~~issued a license. The burden of proving his or her~~
36 ~~qualifications to receive any license is on the applicant.~~

37 ~~(b) An application to receive a license constitutes a~~
38 ~~request for a determination of the applicant's general~~
39 ~~character, integrity, and ability to participate in, engage~~
40 ~~in, or be associated with, controlled gambling.~~



1 ~~(c) In reviewing an application for any gambling~~
2 ~~license, the commission shall consider whether issuance~~
3 ~~of the license is inimical to public health, safety, or~~
4 ~~welfare, and whether issuance of the license will~~
5 ~~undermine public trust that the gambling operations~~
6 ~~with respect to which the license would be issued are free~~
7 ~~from criminal and dishonest elements and would be~~
8 ~~conducted honestly.~~

9 ~~19848. No gambling license shall be issued unless,~~
10 ~~based on all of the information and documents submitted,~~
11 ~~the commission is satisfied that the applicant is all of the~~
12 ~~following:~~

- 13 ~~(a) A person of good character, honesty, and integrity.~~
- 14 ~~(b) A person whose prior activities, criminal record, if~~
15 ~~any, reputation, habits, and associations do not pose a~~
16 ~~threat to the public interest of this state, or to the effective~~
17 ~~regulation and control of controlled gambling, or create~~
18 ~~or enhance the dangers of unsuitable, unfair, or illegal~~
19 ~~practices, methods, and activities in the conduct of~~
20 ~~controlled gambling or in the carrying on of the business~~
21 ~~and financial arrangements incidental thereto.~~

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

24 ~~19848.5. A person may be deemed by the commission~~
25 ~~to be unsuitable to hold a state gambling license to own~~
26 ~~a gambling establishment if the person, or any partner,~~
27 ~~officer, director, or shareholder of the person, has any~~
28 ~~financial interest in any business or organization that is~~
29 ~~engaged in any form of gambling or gaming not~~
30 ~~authorized by the laws of this state, whether within or~~
31 ~~without this state, unless the person has been registered~~
32 ~~pursuant to former Chapter 5 (commencing with Section~~
33 ~~19800) of Division 8 of the Business and Professions Code~~
34 ~~as it read immediately prior to its repeal by the act that~~
35 ~~added this chapter or licensed pursuant to this chapter in~~
36 ~~this state for a period of not less than five consecutive~~
37 ~~years before obtaining his or her interest in the~~
38 ~~out-of-state business or organization.~~



1 ~~19850. The commission shall deny a license to any~~
2 ~~applicant who is disqualified for any of the following~~
3 ~~reasons:~~

4 ~~(a) Failure of the applicant to clearly establish~~
5 ~~eligibility and qualification in accordance with this~~
6 ~~chapter.~~

7 ~~(b) Failure of the applicant to provide information,~~
8 ~~documentation, and assurances required by this chapter~~
9 ~~or requested by the director, or failure of the applicant to~~
10 ~~reveal any fact material to qualification, or the supplying~~
11 ~~of information that is untrue or misleading as to a material~~
12 ~~fact pertaining to the qualification criteria.~~

13 ~~(c) Conviction of the applicant for any crime~~
14 ~~punishable as a felony.~~

15 ~~(d) Conviction of the applicant for any misdemeanor~~
16 ~~involving dishonesty or moral turpitude within the~~
17 ~~10-year period immediately preceding the submission of~~
18 ~~the application, unless the applicant has been granted~~
19 ~~relief pursuant to Section 1203.4, 1203.4a, or 1203.45 of the~~
20 ~~Penal Code.~~

21 ~~(e) Association of the applicant with criminal~~
22 ~~profiteering activity or organized crime, as defined by~~
23 ~~Section 186.2 of the Penal Code.~~

24 ~~(f) Contumacious defiance by the applicant of any~~
25 ~~legislative investigatory body, or other official~~
26 ~~investigatory body of any state or of the United States,~~
27 ~~when that body is engaged in the investigation of crimes~~
28 ~~relating to gambling; official corruption related to~~
29 ~~gambling activities; or criminal profiteering activity or~~
30 ~~organized crime, as defined by Section 186.2 of the Penal~~
31 ~~Code.~~

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

33 ~~19851. The commission shall deny a gambling license~~
34 ~~with respect to any gambling establishment that is~~
35 ~~located in a city, county, or city and county that does not~~
36 ~~have an ordinance governing all of the following matters:~~

37 ~~(a) The hours of operation of gambling~~
38 ~~establishments.~~

39 ~~(b) Patron security and safety in and around the~~
40 ~~gambling establishments.~~



1 ~~(c) The location of gambling establishments.~~

2 ~~(d) Wagering limits in gambling establishments.~~

3 ~~(e) The number of gambling tables in each gambling~~
4 ~~establishment and in the jurisdiction.~~

5 ~~19852. In addition to other grounds stated in this~~
6 ~~chapter, the commission may deny a gambling license for~~
7 ~~any of the following reasons:~~

8 ~~(a) If issuance of the license with respect to the~~
9 ~~proposed gambling establishment or expansion would~~
10 ~~tend unduly to create law enforcement problems in a city,~~
11 ~~county, or city and county other than the city, county, or~~
12 ~~city and county that has regulatory jurisdiction over the~~
13 ~~applicant's premises.~~

14 ~~(b) If issuance of the license with respect to the~~
15 ~~proposed gambling establishment or expansion would~~
16 ~~create an undue concentration of gambling~~
17 ~~establishments in the relevant market area, as~~
18 ~~determined by the commission, and the applicant fails to~~
19 ~~show that public convenience or necessity would be~~
20 ~~served by issuance of the license.~~

21 ~~(c) If issuance of the license is sought in respect to a~~
22 ~~new gambling establishment, or the expansion of an~~
23 ~~existing gambling establishment, that is to be located or~~
24 ~~is located near an existing school, an existing building~~
25 ~~used primarily as a place of worship, an existing~~
26 ~~playground or other area of juvenile congregation, an~~
27 ~~existing hospital, convalescence facility, or near another~~
28 ~~similarly unsuitable area, as determined by regulation of~~
29 ~~the commission, which is located in a city, county, or city~~
30 ~~and county other than the city, county, or city and county~~
31 ~~that has regulatory jurisdiction over the applicant's~~
32 ~~gambling premises.~~

33 ~~(d) For purposes of this section, "expansion" means an~~
34 ~~increase of 25 percent or more in the number of~~
35 ~~authorized gambling tables in a gambling establishment,~~
36 ~~based on the number of gambling tables for which a~~
37 ~~license was initially issued pursuant to this chapter.~~

38 ~~19853. (a) Application for a state license or other~~
39 ~~commission action shall be made to the commission on~~
40 ~~forms furnished by the commission.~~



1 ~~(b) The application for a gambling license shall~~
2 ~~include all of the following:~~

3 ~~(1) The name of the proposed licensee.~~

4 ~~(2) The name and location of the proposed gambling~~
5 ~~establishment.~~

6 ~~(3) The gambling games proposed to be conducted.~~

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

9 ~~(5) A description of the proposed gambling~~
10 ~~establishment and operation.~~

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

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

22 ~~19854. An applicant for licensing or for any approval~~
23 ~~or consent required by this chapter, shall make full and~~
24 ~~true disclosure of all information to the division or~~
25 ~~commission as necessary to carry out the policies of this~~
26 ~~state relating to licensing, registration, and control of~~
27 ~~gambling.~~

28 ~~19855. (a) An application for a license shall be~~
29 ~~accompanied by the deposit of a sum of money which, in~~
30 ~~the judgment of the director, will be adequate to pay the~~
31 ~~anticipated costs and charges incurred in the~~
32 ~~investigation and processing of the application. The~~
33 ~~director shall adopt a schedule of costs and charges of~~
34 ~~investigation for use as guidelines in fixing the amount of~~
35 ~~any required deposit under this section.~~

36 ~~(b) During an investigation, the director may require~~
37 ~~an applicant to deposit any additional sums as are~~
38 ~~required by the division to pay final costs and charges of~~
39 ~~the investigation.~~



1 ~~(c) Any money received from an applicant in excess of~~
2 ~~the costs and charges incurred in the investigation or the~~
3 ~~processing of the application shall be refunded pursuant~~
4 ~~to regulations adopted by the division. At the conclusion~~
5 ~~of the investigation, the director shall provide the~~
6 ~~applicant a written accounting of the costs and charges so~~
7 ~~incurred.~~

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

23 ~~(b) If denial of the application is recommended, the~~
24 ~~director shall prepare and file with the commission his or~~
25 ~~her written reasons upon which the recommendation is~~
26 ~~based.~~

27 ~~(1) Prior to filing his or her recommendation with the~~
28 ~~commission, the director shall meet with the applicant, or~~
29 ~~the applicant's duly authorized representative, and~~
30 ~~inform him or her generally of the basis for any proposed~~
31 ~~recommendation that the application be denied,~~
32 ~~restricted, or conditioned.~~

33 ~~(2) Not less than 10 business days prior to the~~
34 ~~commission meeting at which the application is to be~~
35 ~~considered, the division shall deliver to the applicant a~~
36 ~~summary of the director's final report and~~
37 ~~recommendation.~~

38 ~~(3) Nothing herein shall require the division to divulge~~
39 ~~to the applicant any confidential information received~~
40 ~~from any law enforcement agency or any information~~



1 received from any person with assurances that the
2 information would be maintained confidential, and
3 nothing herein shall require the division to divulge any
4 information that might reveal the identity of any
5 informer or jeopardize the safety of any person.

6 (e) A recommendation of denial of an applicant shall
7 be without prejudice to a new and different application
8 filed in accordance with applicable regulations.

9 19857. A request for withdrawal of any application
10 may be made at any time prior to final action upon the
11 application by the division by the filing of a written
12 request to withdraw with the commission. For purposes
13 of this section, final action by the division means a final
14 determination by the director regarding his or her
15 recommendation on the application to the commission.
16 The commission shall not grant the request unless the
17 applicant has established that withdrawal of the
18 application would be consistent with the public interest
19 and the policies of this chapter. If a request for
20 withdrawal is denied, the division may proceed with its
21 investigation and make a recommendation to the
22 commission upon the application, and the commission
23 may act upon the application as if no request for
24 withdrawal had been made. If a request for withdrawal
25 is granted with prejudice, the applicant thereafter shall
26 be ineligible to renew its application until the expiration
27 of one year from the date of the withdrawal. Unless the
28 commission shall otherwise direct, no fee or other
29 payment relating to any application is refundable by
30 reason of withdrawal of an application.

31 19858. (a) The commission, after considering the
32 recommendation of the director and such other
33 testimony and written comments as may be presented at
34 the meeting, or as may have been submitted in writing to
35 the commission prior to the meeting, may do one of the
36 following:

37 (1) Deny the application.

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



1 ~~(3) Return the application to the division for the~~
2 ~~purpose of further investigation.~~

3 ~~(b) When the commission grants an application for a~~
4 ~~license or approval, the commission may limit or place~~
5 ~~restrictions thereon as it may deem necessary in the~~
6 ~~public interest, consistent with the policies described in~~
7 ~~this chapter.~~

8 ~~(c) When an application is denied, the executive~~
9 ~~secretary shall prepare and file a detailed statement of~~
10 ~~the commission's reasons for the denial.~~

11 ~~(d) All proceedings at a meeting of the commission~~
12 ~~relating to a license application shall be recorded~~
13 ~~stenographically or on audio tape.~~

14 ~~(e) A decision of the commission denying a license or~~
15 ~~approval, or imposing any condition or restriction on the~~
16 ~~grant of a license or approval, may be reviewed by~~
17 ~~petition filed pursuant to Section 1085 of the Code of Civil~~
18 ~~Procedure. Section 1094.5 of the Code of Civil Procedure~~
19 ~~shall not apply to any judicial proceeding described in the~~
20 ~~foregoing sentence, and the court may grant the petition~~
21 ~~only if the court finds that the action of the commission~~
22 ~~was arbitrary and capricious, or that the action exceeded~~
23 ~~the commission's jurisdiction.~~

24 ~~19858.5. (a) The meeting described in subdivision~~
25 ~~(a) of Section 19858 shall be conducted in accordance~~
26 ~~with regulations of the commission and as follows:~~

27 ~~(1) Oral evidence shall be taken only upon oath or~~
28 ~~affirmation.~~

29 ~~(2) Each party shall have these rights:~~

30 ~~(A) To call and examine witnesses.~~

31 ~~(B) To introduce exhibits relevant to the issues of the~~
32 ~~case.~~

33 ~~(C) To cross examine opposing witnesses on any~~
34 ~~matters relevant to the issues, even though the matter~~
35 ~~was not covered on direct examinations.~~

36 ~~(D) To impeach any witness, regardless of which party~~
37 ~~first called the witness to testify.~~

38 ~~(E) To offer rebuttal evidence.~~



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

4 ~~(4) The meeting need not be conducted according to~~
5 ~~technical rules relating to evidence and witnesses. Any~~
6 ~~relevant evidence may be considered, and is sufficient in~~
7 ~~itself to support a finding, if it is the sort of evidence on~~
8 ~~which responsible persons are accustomed to rely in the~~
9 ~~conduct of serious affairs, regardless of the existence of~~
10 ~~any common law or statutory rule that might make~~
11 ~~improper the admission of that evidence over objection~~
12 ~~in a civil action.~~

13 ~~(b) Nothing herein shall be construed to confer upon~~
14 ~~an applicant a right to discovery of the division's~~
15 ~~investigative reports or to require disclosure of any~~
16 ~~document or information the disclosure of which is~~
17 ~~otherwise prohibited by any other provision of this~~
18 ~~chapter.~~

19 ~~19858.7. (a) No member of the commission may~~
20 ~~communicate ex parte, directly or indirectly, with any~~
21 ~~applicant, or any agent, representative, or person acting~~
22 ~~on behalf of an applicant, upon the merits of an~~
23 ~~application for a license, permit, registration, or approval~~
24 ~~while the application is pending disposition before the~~
25 ~~division or the commission.~~

26 ~~(b) No applicant, or any agent, representative, or~~
27 ~~person acting on behalf of an applicant, and no person~~
28 ~~who has a direct or indirect interest in the outcome of a~~
29 ~~proceeding to consider an application for a license,~~
30 ~~permit, registration, or approval may communicate ex~~
31 ~~parte, directly or indirectly, with any member of the~~
32 ~~commission, upon the merits of the application while the~~
33 ~~application is pending disposition before the commission.~~

34 ~~(c) The receipt by a member of the commission of an~~
35 ~~ex parte communication prohibited by this subdivision, or~~
36 ~~the attempt to so communicate, may provide the basis for~~
37 ~~disqualification of that member or the denial of the~~
38 ~~application. The commission shall adopt regulations to~~
39 ~~implement this subdivision.~~



1 ~~(4) For purposes of this subdivision, “ex parte” means~~
2 ~~a communication without notice and opportunity for all~~
3 ~~parties to participate in the communication.~~

4 ~~19859. No license may be assigned or transferred~~
5 ~~either in whole or in part.~~

6 ~~19860. Subject to subdivision (b) of Section 19840.5,~~
7 ~~the commission shall issue and deliver to the applicant a~~
8 ~~license entitling the applicant to engage in the activity for~~
9 ~~which the license was issued, together with an~~
10 ~~enumeration of any specific terms, conditions, or~~
11 ~~restrictions of the license if both of the following~~
12 ~~conditions have been met:~~

13 ~~(a) The commission is satisfied that the applicant is~~
14 ~~eligible and qualified to receive the license.~~

15 ~~(b) All license fees required by law and regulations of~~
16 ~~the commission have been paid.~~

17 ~~19861. An owner’s gambling license, including all~~
18 ~~current endorsements thereon, shall be posted at all times~~
19 ~~in a conspicuous place in the area where gambling is~~
20 ~~conducted in the establishment for which the license is~~
21 ~~issued until it is replaced by a succeeding license.~~

22 ~~19862. (a) Subject to the power of the commission to~~
23 ~~deny, revoke, suspend, condition, or limit any licenses, a~~
24 ~~license shall be renewed annually by the commission~~
25 ~~from the date of issuance, upon proper application for~~
26 ~~renewal and payment of state license fees as required by~~
27 ~~statute or regulation.~~

28 ~~(b) An application for renewal of a gambling license~~
29 ~~shall be filed by the owner licensee with the commission~~
30 ~~no later than 120 calendar days prior to the expiration of~~
31 ~~the current license, and all license fees shall be paid to the~~
32 ~~commission on or before the expiration of the current~~
33 ~~license. The commission shall act upon any application for~~
34 ~~renewal prior to the date of expiration of the current~~
35 ~~license. Upon renewal of any owner license, the~~
36 ~~commission shall issue an appropriate renewal certificate~~
37 ~~or validating device or sticker.~~

38 ~~(c) Unless the commission determines otherwise,~~
39 ~~renewal of an owner’s gambling license shall be deemed~~



1 to effectuate the renewal of every other gambling license
2 endorsed thereon.

3 (d) In addition to the penalties provided by law, any
4 owner licensee who deals, operates, carries on, conducts,
5 maintains, or exposes for play any gambling game after
6 the expiration date of the gambling license is liable to the
7 state for all license fees and penalties that would have
8 been due upon renewal.

9 (e) If an owner licensee fails to renew the gambling
10 license as provided in this chapter, the commission may
11 order the immediate closure of the premises and a
12 cessation of all gambling activity therein until the license
13 is renewed.

14 19862.5. Failure of an owner licensee to file an
15 application for renewal before the date specified in this
16 chapter may be deemed a surrender of the license. A
17 license has not been renewed within the meaning of this
18 section until all required renewal fees have been paid.

19 19863. (a) Neither an owner licensee, nor a
20 California affiliate of an owner licensee, shall enter into,
21 without prior approval of the commission, any contract or
22 agreement with a person who is denied a license, or
23 whose license is suspended or revoked by the
24 commission, or with any business enterprise under the
25 control of that person, after the date of receipt of notice
26 of the action by the division. Neither an owner licensee,
27 nor a California affiliate of an owner licensee, shall,
28 without prior approval of the commission, enter into any
29 contract or agreement with a person whose application
30 has been withdrawn with prejudice, or with any business
31 enterprise under the control of that person, for the period
32 of time during which the person is prohibited from filing
33 a new application for licensure.

34 (b) An owner licensee or an affiliate of the owner
35 licensee shall not employ, without prior approval of the
36 commission, any person in any capacity for which he or
37 she is required to be licensed, if the person has been
38 denied a license, or if his or her license has been
39 suspended or revoked by the commission after the date
40 of receipt of notice of the action by the division. Neither



1 ~~an owner licensee, nor a California affiliate of an owner~~
2 ~~licensee, shall, without prior approval of the commission,~~
3 ~~employ any person whose application has been~~
4 ~~withdrawn with prejudice for the period of time during~~
5 ~~which the person is prohibited from filing a new~~
6 ~~application for licensure.~~

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

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

23 ~~(3) If the owner licensee designates another employee~~
24 ~~to replace the employee whose employment was~~
25 ~~terminated, the owner licensee shall promptly notify the~~
26 ~~commission and shall require the newly designated~~
27 ~~employee to apply for a license.~~

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



1 amounts due for services rendered before the date of
2 receipt of notice of the action by the division.

3 (e) Except as provided in subdivision (c), a contract or
4 agreement for the provision of services or property to an
5 owner licensee or an affiliate thereof, or for the conduct
6 of any activity at a gambling establishment, which is to be
7 performed by a person required by this chapter or by the
8 commission to be licensed, shall be terminated upon a
9 suspension or revocation of the person's license, or the
10 withdrawal with prejudice of his or her application for a
11 license.

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

29 19864. With regard to a person who has had his or her
30 application for a license denied by the commission, all of
31 the following shall apply:

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

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

39 (c) The person shall not accept more for his or her
40 interest in a business entity described in subdivision (a)



1 ~~than he or she paid for it, or the market value on the date~~
2 ~~of the denial of the license or registration, whichever is~~
3 ~~higher.~~

4 ~~(d) The person shall thereafter be ineligible to file a~~
5 ~~new application until the expiration of one year from the~~
6 ~~date of the denial.~~

7 ~~(e) Nothing in this section shall be construed as a~~
8 ~~restriction or limitation on the powers of the commission~~
9 ~~specified in this chapter.~~

10
11 ~~Article 5. Licensing of Corporations~~

12
13 ~~19870. In addition to the requirements of Section~~
14 ~~19841, in order to be eligible to receive a gambling license~~
15 ~~as the owner of a gambling enterprise, a corporation shall~~
16 ~~comply with all of the following requirements:~~

17 ~~(a) Be incorporated in this state.~~

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

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

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

25 ~~(1) At all times reflects the ownership of every class of~~
26 ~~security issued by the corporation.~~

27 ~~(2) Is available for inspection by the division at all~~
28 ~~reasonable times without notice.~~

29 ~~(e) Register as a corporation with the commission and~~
30 ~~supply all of the following supplemental information to~~
31 ~~the division:~~

32 ~~(1) The organization, financial structure, and nature~~
33 ~~of the business to be operated, including the names,~~
34 ~~personal, and criminal history and fingerprints of all~~
35 ~~officers, directors, and key employees, and the names,~~
36 ~~addresses, and number of shares held by all stockholders.~~

37 ~~(2) The rights and privileges acquired by the holders~~
38 ~~of different classes of authorized securities, including~~
39 ~~debentures.~~

40 ~~(3) The terms on which securities are to be offered.~~



1 ~~(4) The terms and conditions on all outstanding loans,~~
2 ~~mortgages, trust deeds, pledges, or any other~~
3 ~~indebtedness or security device.~~

4 ~~(5) The extent of the equity security holdings in the~~
5 ~~corporation of all officers, directors, and underwriters,~~
6 ~~and their remuneration as compensation for services, in~~
7 ~~the form of salary, wages, fees, or otherwise.~~

8 ~~(6) The amount of remuneration to persons other than~~
9 ~~directors and officers in excess of fifty thousand dollars~~
10 ~~(\$50,000) per annum.~~

11 ~~(7) Bonus and profit-sharing arrangements.~~

12 ~~(8) Management and service contracts.~~

13 ~~(9) Options existing, or to be created, in respect of~~
14 ~~their securities or other interests.~~

15 ~~(10) Financial statements for at least three fiscal years~~
16 ~~preceding the year of registration, or, if the corporation~~
17 ~~has not been in existence for a period of three years,~~
18 ~~financial statements from the date of its formation. All~~
19 ~~financial statements shall be prepared in accordance with~~
20 ~~generally accepted accounting principles and audited by~~
21 ~~a licensee of the State Board of Accountancy.~~

22 ~~(11) Any further financial data that the division may~~
23 ~~deem necessary or appropriate for the protection of the~~
24 ~~state.~~

25 ~~(12) An annual profit and loss statement and an~~
26 ~~annual balance sheet, and a copy of its annual federal~~
27 ~~income tax return, within 30 calendar days after that~~
28 ~~return is filed with the Internal Revenue Service.~~

29 ~~19871. (a) No corporation is eligible to receive a~~
30 ~~license to own a gambling enterprise unless the conduct~~
31 ~~of controlled gambling is among the purposes stated in its~~
32 ~~articles of incorporation and the articles of incorporation~~
33 ~~have been submitted to and approved by the commission.~~

34 ~~(b) Beginning July 1, 1996, the Secretary of State shall~~
35 ~~not accept for filing any articles of incorporation of any~~
36 ~~corporation that include as a stated purpose the conduct~~
37 ~~of controlled gambling, or any amendment thereto, or~~
38 ~~any amendment that adds this purpose to articles of~~
39 ~~incorporation already filed, unless the articles have, or~~
40 ~~amendment has, been approved by the commission.~~



1 ~~19872. (a) If at any time the commission denies a~~
2 ~~license to an individual owner of any security issued by a~~
3 ~~corporation that applies for or holds an owner license, the~~
4 ~~owner of the security shall immediately offer the security~~
5 ~~to the issuing corporation for purchase. The corporation~~
6 ~~shall purchase the security so offered, for cash in an~~
7 ~~amount not greater than fair market value, within 30~~
8 ~~calendar days after the date of the offer.~~

9 ~~(b) Beginning upon the date when the commission~~
10 ~~serves notice of the denial upon the corporation, it is~~
11 ~~unlawful for the denied security owner to do any of the~~
12 ~~following:~~

13 ~~(1) Receive any dividend or interest upon any security~~
14 ~~described in subdivision (a).~~

15 ~~(2) Exercise, directly or through any trustee or~~
16 ~~nominee, any voting right conferred by any security~~
17 ~~described in subdivision (a).~~

18 ~~(3) Receive any remuneration in any form from the~~
19 ~~corporation for services rendered or for any other~~
20 ~~purpose.~~

21 ~~(c) Every security issued by a corporate owner~~
22 ~~licensee shall bear a statement, on both sides of the~~
23 ~~certificate evidencing the security, of the restrictions~~
24 ~~imposed by this section.~~

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

37 ~~(b) The corporation shall immediately remove any~~
38 ~~officer or director required to apply for a license from any~~
39 ~~office or directorship if any of the following apply to that~~
40 ~~officer or director:~~



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

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

4 ~~(3) His or her license is revoked after appropriate~~
5 ~~findings by the commission.~~

6 ~~(e) If the commission suspends the license of any~~
7 ~~officer or director, the corporation shall, immediately and~~
8 ~~for the duration of the suspension, suspend that officer or~~
9 ~~director.~~

10 ~~(d) If any shareholder who is required to apply for a~~
11 ~~gambling license fails to apply for the license within the~~
12 ~~time required, the shareholder shall be deemed to have~~
13 ~~been denied a license for purposes of subdivision (b) of~~
14 ~~Section 19872.~~

15 ~~(e) If any person, other than an officer, director, or~~
16 ~~shareholder, who is required to apply for a gambling~~
17 ~~license fails to do so, the failure may be deemed to be a~~
18 ~~failure of the corporate owner licensee to require the~~
19 ~~application.~~

20

21 ~~Article 6. Licensing of Limited Partnerships~~

22

23 ~~19880. In addition to the requirements of Section~~
24 ~~19841, in order to be eligible to receive a gambling license~~
25 ~~to own a gambling enterprise, a limited partnership shall~~
26 ~~comply with all of the following requirements:~~

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

28 ~~(b) Maintain an office of the limited partnership in the~~
29 ~~gambling establishment.~~

30 ~~(c) Comply with all of the requirements of the laws of~~
31 ~~this state pertaining to limited partnerships.~~

32 ~~(d) Maintain a ledger in the principal office of the~~
33 ~~limited partnership in California that shall meet both of~~
34 ~~the following conditions:~~

35 ~~(1) At all times reflects the ownership of all interests~~
36 ~~in the limited partnership.~~

37 ~~(2) Be available for inspection by the division at all~~
38 ~~reasonable times without notice.~~

39 ~~(e) Register with the division and supply the following~~
40 ~~supplemental information to the division:~~



1 ~~(1) The organization, financial structure, and nature~~
2 ~~of the business to be operated, including the names,~~
3 ~~personal history, and fingerprints of all general partners~~
4 ~~and key employees, and the name, address, and interest~~
5 ~~of each limited partner.~~

6 ~~(2) The rights, privileges, and relative priorities of~~
7 ~~limited partners as to the return of contributions to~~
8 ~~capital, and the right to receive income.~~

9 ~~(3) The terms on which limited partnership interests~~
10 ~~are to be offered.~~

11 ~~(4) The terms and conditions on all outstanding loans,~~
12 ~~mortgages, trust deeds, pledges, or any other~~
13 ~~indebtedness or security device.~~

14 ~~(5) The extent of the holding in the limited~~
15 ~~partnership of all underwriters, and their remuneration~~
16 ~~as compensation for services, in the form of salary, wages,~~
17 ~~fees, or otherwise.~~

18 ~~(6) The remuneration to persons other than general~~
19 ~~partners in excess of fifty thousand dollars (\$50,000) per~~
20 ~~annum.~~

21 ~~(7) Bonus and profit-sharing arrangements.~~

22 ~~(8) Management and service contracts.~~

23 ~~(9) Options existing or to be created.~~

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

33 ~~(11) Any further financial data that the division deems~~
34 ~~necessary or appropriate for the protection of the state.~~

35 ~~(12) An annual profit and loss statement and an annual~~
36 ~~balance sheet, and a copy of its annual federal income tax~~
37 ~~return, within 30 calendar days after the return is filed~~
38 ~~with the Internal Revenue Service.~~

39 ~~19881. No limited partnership is eligible to receive a~~
40 ~~license to own a gambling enterprise unless the conduct~~



1 of gambling is among the purposes stated in the
2 certificate of limited partnership.

3 19882. (a) The purported sale, assignment, transfer,
4 pledge, or other disposition of any interest in a limited
5 partnership that holds a gambling license, or the granting
6 of an option to purchase the interest, is void unless
7 approved in advance by the commission.

8 (b) If at any time the commission denies a license to an
9 individual owner of any interest described in subdivision
10 (a), the commission shall immediately notify the
11 partnership of that fact. The limited partnership, within
12 30 calendar days from the date it receives the notice from
13 the commission, shall return to the denied owner of the
14 interest, in cash, the amount of his or her capital account
15 as reflected on the books of the partnership.

16 (c) Beginning upon the date when the commission
17 serves a notice of denial upon the limited partnership, it
18 is unlawful for the denied owner of the interest to do any
19 of the following:

20 (1) Receive any share of the revenue or interest upon
21 the limited partnership interest.

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

24 (3) Receive any remuneration in any form from the
25 limited partnership, for services rendered or for any
26 other purpose.

27 (d) Every certificate of limited partnership of any
28 limited partnership holding a gambling license shall
29 contain a statement of the restrictions imposed by this
30 section.

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



1 ~~person who is required to be licensed pursuant to a~~
2 ~~decision of the commission shall apply for a license within~~
3 ~~30 days after the commission requests him or her to do so.~~

4
5 ~~Article 8. Restrictions on Certain Transactions~~
6

7 ~~19900. (a) Except as may be provided by regulation~~
8 ~~of the commission, the following security interests shall~~
9 ~~not be enforced without the prior approval of the~~
10 ~~commission and compliance with the regulations adopted~~
11 ~~by the commission pursuant to subdivision (b):~~

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

14 ~~(2) In a security issued by a holding company that is~~
15 ~~not a publicly traded corporation.~~

16 ~~(3) In a security issued by a partnership that is a holder~~
17 ~~of a gambling license in this state.~~

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

24 ~~19901. It is unlawful for any person to sell, purchase,~~
25 ~~lease, hypothecate, borrow or loan money, or create a~~
26 ~~voting trust agreement or any other agreement of any~~
27 ~~sort to, or with, any licensee in connection with any~~
28 ~~controlled gambling operation licensed under this~~
29 ~~chapter or with respect to any portion of the gambling~~
30 ~~operation, except in accordance with the regulations of~~
31 ~~the commission.~~

32 ~~19902. When any person contracts to sell or lease any~~
33 ~~property or interest in property, real or personal, under~~
34 ~~circumstances that require the approval or licensing of~~
35 ~~the purchaser or lessee by the commission, pursuant to~~
36 ~~subdivisions (a) to (e), inclusive, of Section 19842, the~~
37 ~~contract shall not specify a closing date for the transaction~~
38 ~~that is earlier than the expiration of 90 calendar days after~~
39 ~~the submission of the completed application for approval~~
40 ~~for licensing. Any provision of a contract that specifies an~~



1 earlier closing date is void for all purposes, but the
2 invalidity does not affect the validity of any other
3 provision of the contract.

4 19903. When any person contracts to sell or lease any
5 property or interest in property, real or personal, under
6 circumstances that require the approval or licensing of
7 the purchaser or lessee by the commission pursuant to
8 subdivisions (a) to (e), inclusive, of Section 19842, the
9 contract shall contain a provision satisfactory to the
10 commission regarding responsibility for the payment of
11 any fees due pursuant to any subsequent deficiency
12 determinations made under this chapter that shall
13 encompass any period of time before the closing date of
14 the transaction.

15 19904. The purported sale, assignment, transfer,
16 pledge, or other disposition of any security issued by a
17 corporation that holds a gambling license, or the granting
18 of an option to purchase that security, is void unless
19 approved in advance by the commission.

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

33

34

Article 9. Work Permits

35

36 19910. The Legislature finds that to protect and
37 promote the health, safety, good order, and general
38 welfare of the inhabitants of this state, and to carry out the
39 policy declared by this chapter, it is necessary that the
40 commission ascertain and keep itself informed of the



1 identity, prior activities, and present location of all
2 gambling enterprise employees and independent agents
3 in the State of California, and when appropriate to do so,
4 approve persons for employment in gambling
5 establishments as provided in this article.

6 ~~19910.4. No person under the age of 21 years shall be~~
7 ~~eligible for a work permit and no permit shall be issued~~
8 ~~to a person under the age of 21 years.~~

9 ~~19910.5. (a) (1) A person shall not be employed as a~~
10 ~~gambling enterprise employee, or serve as an~~
11 ~~independent agent, except as provided in paragraph (2),~~
12 ~~unless he or she is the holder of one of the following:~~

13 ~~(A) A valid work permit issued in accordance with the~~
14 ~~applicable ordinance or regulations of the county, city, or~~
15 ~~city and county in which his or her duties are performed.~~

16 ~~(B) A work permit issued by the commission.~~

17 ~~(2) An independent agent is not required to hold a~~
18 ~~work permit if he or she is not a resident of this state and~~
19 ~~has registered with the commission in accordance with~~
20 ~~regulations adopted by the commission.~~

21 ~~(b) A work permit shall not be issued by any city,~~
22 ~~county, or city and county to any person who would be~~
23 ~~disqualified from holding a state gambling license for the~~
24 ~~reasons stated in subdivisions (e) to (f), inclusive, of~~
25 ~~Section 19850.~~

26 ~~(c) The division may object to the issuance of a work~~
27 ~~permit by a city, county, or city and county for any cause~~
28 ~~deemed reasonable by the division, and if the division~~
29 ~~objects to issuance of a work permit, the work permit shall~~
30 ~~be denied.~~

31 ~~(1) The commission shall adopt regulations specifying~~
32 ~~particular grounds for objection to issuance of, or refusal~~
33 ~~to issue, a work permit.~~

34 ~~(2) The ordinance of any city, county, or city and~~
35 ~~county relating to issuance of work permits shall permit~~
36 ~~the division to object to the issuance of any permit.~~

37 ~~(3) Any person whose application for a work permit~~
38 ~~has been denied because of an objection by the division~~
39 ~~may apply to the commission for an evidentiary hearing~~



1 in accordance with regulations adopted by the
2 commission.

3 (d) Application for a work permit for use in any
4 jurisdiction where a locally issued work permit is not
5 required by the licensing authority of a city, county, or
6 city and county shall be made to the commission, and may
7 be granted or denied for any cause deemed reasonable by
8 the commission. If the commission denies the application,
9 it shall include in its notice of denial a statement of facts
10 upon which it relied in denying the application.

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

16 19911. (a) The commission may issue an order
17 summarily suspending a person's work permit, whether
18 issued by a city, county, or city and county, or by the
19 commission, upon a finding that the suspension is
20 necessary for the immediate preservation of the public
21 peace, health, safety, or general welfare. The order is
22 effective when served upon the holder of the permit.

23 (b) The order of summary suspension shall state facts
24 upon which the finding of necessity for the suspension is
25 based. For purposes of this section, the order of summary
26 suspension shall be deemed an accusation.

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

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

33 19912. The commission may revoke a work permit or,
34 if issued by the licensing authority of a city, county, or city
35 and county, notify the authority to revoke it, and the
36 licensing authority upon notification shall revoke it, if the
37 commission finds, after a hearing, that a gambling
38 enterprise employee or independent agent has failed to
39 disclose, misstated, or otherwise misled the division or
40 commission with respect to any fact contained within any



1 application for a work permit, or if the commission finds,
2 subsequent to being issued a work permit, that the
3 employee or independent agent has done any of the
4 following:

5 (1) Committed, attempted, or conspired to do any act
6 prohibited by this chapter.

7 (2) Engaged in any dishonest, fraudulent, or unfairly
8 deceptive activities in connection with controlled
9 gambling, or knowingly possessed or permitted to remain
10 in or upon any premises any cards, dice, mechanical
11 devices, or any other cheating device.

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

14 (4) Committed, attempted, or conspired to commit,
15 any embezzlement or larceny against a gambling licensee
16 or upon the premises of a gambling establishment.

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

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

24 (7) Been refused the issuance of any license, permit, or
25 approval to engage in or be involved with gambling or
26 parimutuel wagering in any jurisdiction, or had the
27 license, permit, or approval revoked or suspended.

28 (8) Been prohibited under color of governmental
29 authority from being present upon the premises of any
30 licensed gambling establishment or any establishment
31 where parimutuel wagering is conducted, for any reason
32 relating to improper gambling activities or any illegal act.

33 (9) Been convicted of any felony.

34 (b) The commission shall revoke a work permit if the
35 commission finds, after hearing, that the holder thereof
36 would be disqualified from holding a state gambling
37 license for the reasons specified in subdivision (e) or (f)
38 of Section 19850.

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



1 ~~19913. The fee for a work permit issued by the~~
2 ~~commission shall be not less than twenty five dollars~~
3 ~~(\$25) or more than two hundred fifty dollars (\$250).~~

4
5 ~~Article 9.1. Conditions of Operation~~
6

7 ~~19915. It is the policy of the State of California to~~
8 ~~require that all establishments wherein controlled~~
9 ~~gambling is conducted in this state be operated in a~~
10 ~~manner suitable to protect the public health, safety, and~~
11 ~~general welfare of the residents of the state.~~
12 ~~Responsibility for the employment and maintenance of~~
13 ~~suitable methods of operation rests with the owner~~
14 ~~licensee, and willful or persistent use or toleration of~~
15 ~~methods of operation deemed unsuitable by the~~
16 ~~commission or by local government shall constitute~~
17 ~~grounds for license revocation or other disciplinary~~
18 ~~action.~~

19 ~~19915.5. No person under the age of 21 years shall be~~
20 ~~permitted to enter upon the premises of a licensed~~
21 ~~gambling establishment, or any part thereof, except the~~
22 ~~following:~~

23 ~~(a) An area, physically separated from any gambling~~
24 ~~area, for the exclusive purpose of dining. For purposes of~~
25 ~~this subdivision, any place wherein food or beverages are~~
26 ~~dispensed primarily by vending machines shall not~~
27 ~~constitute a place for dining.~~

28 ~~(b) Restrooms.~~

29 ~~(c) A supervised room, as defined by regulations of the~~
30 ~~commission, that is physically separated from any~~
31 ~~gambling area and used exclusively for the purpose of~~
32 ~~entertainment or recreation.~~

33 ~~Any area of a gambling establishment to which a person~~
34 ~~under the age of 21 years may have access under this~~
35 ~~subdivision shall have an entrance that shall not expose~~
36 ~~entrants to the gambling area. All persons under the age~~
37 ~~of 21 years shall be restricted to the entrance specified in~~
38 ~~this subdivision.~~

39 ~~(d) Effective January 1, 1998, no license shall be~~
40 ~~renewed with respect to a gambling establishment that~~



1 ~~is operating as of the effective date of this chapter unless~~
2 ~~the establishment has complied with this section.~~

3 ~~19916. No owner licensee shall operate a gambling~~
4 ~~enterprise in violation of any provision of this chapter or~~
5 ~~any regulation of the commission adopted pursuant to~~
6 ~~this chapter.~~

7 ~~19917. No owner licensee shall operate a gambling~~
8 ~~enterprise in violation of any governing local ordinance.~~

9 ~~19918. Each owner licensee shall maintain security~~
10 ~~controls over the gambling premises and all operations~~
11 ~~therein related to gambling, and those security controls~~
12 ~~are subject to the approval of the commission.~~

13
14 ~~Article 9.5. Disciplinary Actions~~

15
16 ~~19920. (a) The division shall make appropriate~~
17 ~~investigations as follows:~~

18 ~~(1) To determine whether there has been any~~
19 ~~violation of this chapter or any regulations adopted~~
20 ~~thereunder.~~

21 ~~(2) To determine any facts, conditions, practices, or~~
22 ~~matters that it may deem necessary or proper to aid in the~~
23 ~~enforcement of this chapter or any regulation adopted~~
24 ~~thereunder.~~

25 ~~(3) To aid in adopting regulations.~~

26 ~~(4) To secure information as a basis for recommending~~
27 ~~legislation relating to this chapter.~~

28 ~~(5) As requested by the commission.~~

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

37 ~~(c) In addition to any action that the commission may~~
38 ~~take against a license, permit, finding of suitability, or~~
39 ~~approval, the commission may also require the payment~~
40 ~~of fines or penalties. However, no fine imposed by the~~



1 ~~commission shall exceed twenty thousand dollars~~
2 ~~(\$20,000) for each separate violation of any provision of~~
3 ~~this chapter or any regulation adopted thereunder.~~

4 ~~19920.5. The commission may suspend or revoke a~~
5 ~~license, permit, or finding of suitability, or may impose a~~
6 ~~fine, on any ground that would constitute grounds for~~
7 ~~denial of a license under Section 19850, or for any~~
8 ~~violation of this chapter or any regulation adopted~~
9 ~~pursuant to this chapter.~~

10 ~~19921. (a) The commission may issue any emergency~~
11 ~~orders against an owner licensee or any person involved~~
12 ~~in a transaction requiring prior approval that the~~
13 ~~commission deems reasonably necessary for the~~
14 ~~immediate preservation of the public peace, health,~~
15 ~~safety, or general welfare.~~

16 ~~(b) The emergency order shall set forth the grounds~~
17 ~~upon which it is based, including a statement of facts~~
18 ~~constituting the alleged emergency necessitating the~~
19 ~~action.~~

20 ~~(c) The emergency order is effective immediately~~
21 ~~upon issuance and service upon the owner licensee or any~~
22 ~~agent of the licensee registered with the commission for~~
23 ~~receipt of service, or, in cases involving prior approval,~~
24 ~~upon issuance and service upon the person or entity~~
25 ~~involved, or upon an agent of that person or entity~~
26 ~~authorized to accept service of process in this state. The~~
27 ~~emergency order may suspend, limit, condition, or take~~
28 ~~other action in relation to the license of one or more~~
29 ~~persons in an operation without affecting other individual~~
30 ~~licensees, registrants, or the licensed gambling~~
31 ~~establishment. The emergency order remains effective~~
32 ~~until further order of the commission or final disposition~~
33 ~~of the case.~~

34 ~~(d) Within two calendar days after issuance of an~~
35 ~~emergency order, the commission shall cause an~~
36 ~~accusation to be filed and served upon the person or~~
37 ~~entity involved in accordance with regulations adopted~~
38 ~~by the commission. Thereafter, the person or entity~~
39 ~~against whom the emergency order has been issued and~~
40 ~~served is entitled to a hearing which, if so requested, shall~~



1 ~~commence within 10 calendar days of the date of the~~
2 ~~request if a gambling operation is closed by the order, and~~
3 ~~in all other cases, within 30 calendar days of the date of the~~
4 ~~request. On application of the division, and for good cause~~
5 ~~shown, a court may extend the time within which a~~
6 ~~hearing is required to be commenced, upon such terms~~
7 ~~and conditions as the court deems equitable.~~

8 ~~19922. (a) Any person aggrieved by a final decision~~
9 ~~or order of the commission that imposes any fine, or~~
10 ~~limits, conditions, suspends, or revokes any previously~~
11 ~~granted license or approval, made after hearing or~~
12 ~~rehearing by the commission, may petition for judicial~~
13 ~~review pursuant to Section 1094.5 of the Code of Civil~~
14 ~~Procedure and Section 11523 of the Government Code.~~
15 ~~Notwithstanding any other provision of law, the standard~~
16 ~~set forth in subdivision (h) of Section 1094.5 of the Code~~
17 ~~of Civil Procedure shall apply for obtaining a stay of the~~
18 ~~operation of a commission order.~~

19 ~~(b) A court may not modify an order of the~~
20 ~~commission, but a judgment of the court in a proceeding~~
21 ~~pursuant to this section may vacate a commission decision~~
22 ~~or order and remand the case to the commission for~~
23 ~~reconsideration of the decision or order.~~

24 ~~(c) This section provides the exclusive means to~~
25 ~~review adjudicatory decisions of the commission issued~~
26 ~~pursuant to this article.~~

27
28 **Article 10. Penalties**
29

30 ~~19930. Any person included on the list of persons to be~~
31 ~~excluded or ejected from a gambling establishment~~
32 ~~pursuant to this chapter is guilty of a misdemeanor if he~~
33 ~~or she thereafter knowingly enters the premises of a~~
34 ~~licensed gambling establishment.~~

35 ~~19932. (a) A person under the age of 21 years shall~~
36 ~~not do any of the following:~~

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

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

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

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

11 ~~(b) Any licensee or employee in a gambling~~
12 ~~establishment who violates or permits the violation of this~~
13 ~~section, and any person under 21 years of age, who~~
14 ~~violates this section, is guilty of a misdemeanor.~~

15 ~~(c) Proof that a licensee, or agent or employee of a~~
16 ~~licensee, demanded, was shown, and acted in reliance~~
17 ~~upon bona fide evidence of majority and identity shall be~~
18 ~~a defense to any criminal prosecution under this section~~
19 ~~or to any proceeding for the suspension or revocation of~~
20 ~~any license or work permit based thereon. As used herein,~~
21 ~~“bona fide evidence of majority and identity” is a~~
22 ~~document issued by a federal, state, county, or municipal~~
23 ~~government, or subdivision or agency thereof, including,~~
24 ~~but not limited to, a motor vehicle operator’s license or~~
25 ~~an identification card issued to a member of the armed~~
26 ~~forces, which contains the name, date of birth,~~
27 ~~description, and picture of the person.~~

28 ~~19933. (a) Any person who willfully fails to report,~~
29 ~~pay, or truthfully account for and pay over any license fee~~
30 ~~imposed by this chapter, or willfully attempts in any~~
31 ~~manner to evade or defeat the license fee or payment~~
32 ~~thereof shall be punished by imprisonment in the county~~
33 ~~jail, or by a fine of not more than five thousand dollars~~
34 ~~(\$5,000), or by both that imprisonment and fine.~~

35 ~~(b) Any person who willfully violates any of the~~
36 ~~provisions of this chapter for which a penalty is not~~
37 ~~expressly provided, is guilty of a misdemeanor.~~

38 ~~19933.5. (a) Except as specified in subdivision (c),~~
39 ~~this section applies to any person or business that is~~



1 engaged in controlled gambling, whether or not licensed
2 to do so.

3 (b) Any person or business described in subdivision
4 (a), with actual knowledge of the requirements of
5 regulations adopted by the commission pursuant to
6 subdivision (e) of Section 19834, that knowingly and
7 willfully fails to comply with the requirements of those
8 regulations shall be liable for a monetary penalty.

9 The commission may impose a monetary penalty for
10 each violation. However, in the first proceeding against
11 a person that is initiated pursuant to this subdivision, the
12 penalties for all violations shall not exceed a total sum of
13 ten thousand dollars (\$10,000). If a penalty was imposed
14 in a prior proceeding before the commission, the
15 penalties for all violations shall not exceed a total sum of
16 twenty-five thousand dollars (\$25,000). If a penalty was
17 imposed in two or more prior proceedings before the
18 commission, the penalties for all violations shall not
19 exceed a total sum of one hundred thousand dollars
20 (\$100,000).

21 (c) This subdivision does not apply to any case where
22 the person is criminally prosecuted in federal or state
23 court for conduct related to a violation of Section 14162
24 of the Penal Code.

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

33
34 Article 11. Revenues

35
36 19940. (a) All fines and penalties collected pursuant
37 to this chapter shall be deposited in a special account in
38 the General Fund, and, upon appropriation, may be
39 expended by the Department of Justice to offset costs
40 incurred pursuant to this chapter.



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

11 ~~19941. (a) All fees for issuance or renewal of a state~~
12 ~~gambling license shall be assessed against the gambling~~
13 ~~license issued to the owner of the gambling enterprise.~~
14 ~~Except as provided in subdivision (b), the fee for the~~
15 ~~issuance and renewal of that gambling license shall be~~
16 ~~determined by the commission pursuant to the following~~
17 ~~schedule:~~

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

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

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

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

30 ~~(5) For a license authorizing 26 to 70, inclusive, tables~~
31 ~~at which games are played, three thousand seven~~
32 ~~hundred dollars (\$3,700) for each table.~~

33 ~~(6) For a license authorizing 71 or more tables at~~
34 ~~which games are played, four thousand two hundred~~
35 ~~dollars (\$4,200) for each table.~~

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



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

3 ~~(1) For a gross revenue of two hundred thousand~~
4 ~~dollars (\$200,000) to four hundred ninety nine thousand~~
5 ~~nine hundred ninety-nine dollars (\$499,999), inclusive,~~
6 ~~the amount specified by the commission pursuant to~~
7 ~~paragraph (2) of subdivision (a).~~

8 ~~(2) For a gross revenue of five hundred thousand~~
9 ~~dollars (\$500,000) to one million nine hundred~~
10 ~~ninety-nine thousand nine hundred ninety-nine dollars~~
11 ~~(\$1,999,999), inclusive, the amount specified by the~~
12 ~~commission pursuant to paragraph (3) of subdivision (a).~~

13 ~~(3) For a gross revenue of two million dollars~~
14 ~~(\$2,000,000) to nine million nine hundred ninety-nine~~
15 ~~thousand nine hundred ninety-nine dollars (\$9,999,999),~~
16 ~~inclusive, the amount specified by the commission~~
17 ~~pursuant to paragraph (4) of subdivision (a).~~

18 ~~(4) For a gross revenue of ten million dollars~~
19 ~~(\$10,000,000) or more, the amount specified by the~~
20 ~~commission pursuant to paragraph (5) of subdivision (a).~~

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

24 ~~(d) (1) No later than July 1, 1999, the commission, in~~
25 ~~consultation with the director, shall review the fee~~
26 ~~schedule set forth in this section and make a~~
27 ~~recommendation to the Legislature concerning the~~
28 ~~reduction or increase in the fee amounts, if any.~~

29 ~~(2) If, at the end of any fiscal year prior to July 1, 1999,~~
30 ~~the commission, in consultation with the director,~~
31 ~~determines that the total of all issuance and renewal fees~~
32 ~~collected during that fiscal year exceeded the amount~~
33 ~~appropriated by the Legislature pursuant to subdivision~~
34 ~~(b) of Section 19940, the excess shall be refunded to all~~
35 ~~owner licensees within 180 calendar days after the close~~
36 ~~of the fiscal year, by way of a pro rata distribution.~~

37 ~~(e) The commission may provide for payment of~~
38 ~~gambling license fees on an annual or more frequent~~
39 ~~basis.~~



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

3 ~~19942. The commission, by regulation, shall establish~~
4 ~~fees for special licenses authorizing irregular operation of~~
5 ~~tables in excess of the total number of tables otherwise~~
6 ~~authorized to a licensed gambling establishment, for~~
7 ~~tournaments and other special events.~~

8 ~~19943. The issuance and renewal fee for a key~~
9 ~~employee license shall be established by regulation of the~~
10 ~~commission, giving consideration to the size of the~~
11 ~~gambling establishment in which the key employee will~~
12 ~~be employed, but in no event shall the fee exceed five~~
13 ~~hundred dollars (\$500).~~

14 ~~19944. Nothing contained in this chapter shall be~~
15 ~~deemed to restrict or limit the power of any city, county,~~
16 ~~or city and county to fix, impose, and collect a license tax.~~

17

18 ~~Article 12. Local Governments~~

19

20 ~~19950. This chapter shall not prohibit the enactment,~~
21 ~~amendment, or enforcement of any ordinance by any~~
22 ~~city, county, or city and county relating to licensed~~
23 ~~gambling establishments that is not inconsistent with this~~
24 ~~chapter. On and after the effective date of this chapter,~~
25 ~~no city, county, or city and county shall issue a gambling~~
26 ~~license with respect to any gambling establishment unless~~
27 ~~one of the following is true:~~

28 ~~(a) The gambling establishment is located in a city,~~
29 ~~county, or city and county wherein, after January 1, 1984,~~
30 ~~an ordinance was adopted by the electors of the city,~~
31 ~~county, or city and county, in an election conducted~~
32 ~~pursuant to former Section 19819 of the Business and~~
33 ~~Professions Code, as that section read immediately before~~
34 ~~its repeal by the act that enacted this chapter.~~

35 ~~(b) The gambling establishment is located in a city,~~
36 ~~county, or city and county wherein, prior to January 1,~~
37 ~~1984, there was in effect an ordinance that expressly~~
38 ~~authorized the operation of one or more cardrooms.~~

39 ~~(c) After the effective date of this chapter, two-thirds~~
40 ~~of the electors voting thereon affirmatively approve a~~



1 ~~measure permitting controlled gambling within that city,~~
2 ~~county, or city and county.~~

3 ~~(1) The measure to permit controlled gambling shall~~
4 ~~appear on the ballot in substantially the following form:~~
5 ~~“Shall licensed gambling establishments in which any~~
6 ~~controlled games permitted by law, such as draw poker,~~
7 ~~low-ball poker, panguingue (pan), seven-card stud, pai~~
8 ~~gow poker, pai gow, and super pan nine, are played be~~
9 ~~allowed in _____? Yes _____ No _____”~~

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

- 13 ~~(A) The hours of operation.~~
- 14 ~~(B) The games to be played.~~
- 15 ~~(C) The wagering limits.~~
- 16 ~~(D) The maximum number of gambling~~
17 ~~establishments permitted by the ordinance.~~
- 18 ~~(E) The maximum number of tables permitted in each~~
19 ~~gambling establishment.~~

20 ~~19950.1. (a) On and after the effective date of this~~
21 ~~chapter, any amendment to any ordinance permitting~~
22 ~~controlled gambling that would result in a substantial~~
23 ~~increase in the total number of gambling tables that may~~
24 ~~operate in a city, county, or city and county, shall not be~~
25 ~~valid unless the amendment is submitted for approval to~~
26 ~~the voters of the city, county, or city and county, and is~~
27 ~~approved by two-thirds of the electors voting thereon.~~

28 ~~(b) For purposes of this subdivision, “substantial~~
29 ~~increase” means either of the following:~~

30 ~~(1) An increase of 25 percent or more from the total~~
31 ~~number of gambling tables in the city, county, or city and~~
32 ~~county that were operating or authorized, whichever is~~
33 ~~the lesser number, on January 1, 1995.~~

34 ~~(2) An increase of 25 percent or more from the total~~
35 ~~number of gambling tables authorized by an immediately~~
36 ~~preceding amendment to an ordinance that was~~
37 ~~approved by the voters pursuant to this section.~~

38 ~~19950.2. (a) Notwithstanding any provision of this~~
39 ~~article, on and after January 1, 1996, neither the~~
40 ~~governing body nor the electors of a city, county, or city~~



1 and county that has not authorized legal gaming within
2 its boundaries prior to January 1, 1996, shall authorize
3 legal gaming.

4 (b) No amendment to any ordinance permitting
5 controlled gambling that would result in a substantial
6 increase in the total number of gambling tables that may
7 operate in a city, county, or city and county, shall be valid
8 unless the amendment is submitted for approval to the
9 voters of the city, county, or city and county, and is
10 approved by two-thirds of the electors voting thereon.
11 For purposes of this subdivision, "substantial increase"
12 means either of the following:

13 (1) An increase of 25 percent or more from the total
14 number of gambling tables in the city, county, or city and
15 county that were operating or authorized, whichever is
16 the lesser number, on January 1, 1995.

17 (2) An increase of 25 percent or more from the total
18 number of gambling tables authorized by an immediately
19 preceding amendment to an ordinance that was
20 approved by the voters pursuant to this section.

21 (c) This section shall remain in effect only until
22 January 1, 1999, and as of that date is repealed, unless a
23 later enacted statute, which is enacted before January 1,
24 1999, deletes or extends that date.

25 19951. No city, county, or city and county shall issue
26 a license to, or in respect to, any gambling establishment,
27 unless all persons required to be licensed by this chapter
28 with respect to that establishment have received all the
29 licenses and approvals required by this chapter.
30 However, the issuance by the commission of a state
31 gambling license to a person imposes no requirements
32 upon the city, county, or city and county to issue a license
33 to the person.

34

35 Article 13. Miscellaneous Provisions

36

37 19956. If any clause, sentence, paragraph, or part of
38 this chapter is, for any reason, adjudged by a court of
39 competent jurisdiction to be invalid, that judgment shall
40 not affect, impair, or invalidate the remainder of this



1 ~~chapter and the application thereof to other persons or~~
2 ~~circumstances, but shall be confined to the operation of~~
3 ~~the clause, sentence, paragraph, or part thereof directly~~
4 ~~involved in the controversy in which the judgment was~~
5 ~~rendered and to the person or circumstances involved.~~

6 ~~19957. This act is an exercise of the police power of the~~
7 ~~state for the protection of the health, safety, and welfare~~
8 ~~of the people of the State of California, and shall be~~
9 ~~liberally construed to effectuate those purposes.~~

10 ~~19958. For purposes of Section 3482 of the Civil Code,~~
11 ~~a gambling license issued by the commission shall not be~~
12 ~~construed to authorize any conduct or activity other than~~
13 ~~the conduct of controlled gambling.~~

14
15 ~~Article 14. Additional Restrictions Related To Fair~~
16 ~~Elections and Corruption of Regulators~~

17
18 ~~19959. (a) The Legislature finds and declares that~~
19 ~~there is a compelling governmental interest in ensuring~~
20 ~~that elections conducted pursuant to Section 19950 are~~
21 ~~conducted fairly and that electors in those elections are~~
22 ~~presented with fair and balanced arguments in support of~~
23 ~~and in opposition to the existence of gambling~~
24 ~~establishments. Large contributions by gambling~~
25 ~~operators or prospective gambling operators who will be~~
26 ~~financially interested in the outcome of the election often~~
27 ~~unfairly distort the context in which those elections take~~
28 ~~place.~~

29 ~~(b) The Legislature finds and declares that the~~
30 ~~integrity of investigations conducted by the Attorney~~
31 ~~General pursuant to this chapter, and the public's~~
32 ~~confidence in the integrity of those investigations, is~~
33 ~~seriously undermined if persons who may be subject to~~
34 ~~those investigations are permitted to contribute to the~~
35 ~~election or reelection of the Attorney General.~~

36 ~~(c) In California, in other states, and in other~~
37 ~~countries, there is ample historical evidence of the~~
38 ~~potential for revenues derived from gambling to be used~~
39 ~~to corrupt political officials in the regulation or~~



1 prosecution of crimes related to gambling activities,
2 embezzlement, and money laundering.

3 (d) This article is an exercise of the police power of the
4 state for the protection of the health, safety, and welfare
5 of the people of this state.

6 19959.5. (a) A member of the commission, the
7 executive secretary of the commission, the director of the
8 division, and any employee designated by regulation of
9 the commission or the division for purposes of this section,
10 shall not, for a period of three years after leaving office or
11 terminating employment, for compensation, act as agent
12 or attorney for, or otherwise represent, any other person
13 by making any formal or informal appearance, or by
14 making any oral or written communication, before the
15 commission or the division, or any officer or employee
16 thereof, if the appearance or communication is for the
17 purpose of influencing administrative action, or
18 influencing any action or proceeding involving the
19 issuance, amendment, awarding, or revocation of a
20 permit, license, or approval.

21 (b) A member of the commission shall not, during the
22 member's term of office, engage in the solicitation of
23 campaign contributions.

24 (c) A member of the commission shall not solicit or
25 accept campaign contributions from any applicant or
26 licensee.

27 19960. (a) Notwithstanding any other provision in
28 this chapter, a person who is required to be licensed
29 pursuant to Section 19840.5, 19841, or 19842 shall be
30 ineligible to hold a state license, if, after the effective date
31 of this chapter, and within two years prior to submission
32 of an application for licensure, or while holding a state
33 license, the person makes a financial contribution,
34 directly or indirectly, to any committee controlled by the
35 Attorney General, to any candidate for the office of
36 Attorney General, or to any committee organized for the
37 purpose of electing a person to the office of Attorney
38 General.

39 (b) Notwithstanding any other provision in this
40 chapter, any person, other than a person described in



1 ~~subdivision (a), who is subject to licensure in the~~
2 ~~discretion of the commission, whether by regulation or~~
3 ~~order, is ineligible to hold a state license, if, after~~
4 ~~becoming subject to licensure, or while holding a state~~
5 ~~license, the person makes a financial contribution,~~
6 ~~directly or indirectly, to any committee controlled by the~~
7 ~~Attorney General, to any candidate for the office of~~
8 ~~Attorney General, or to any committee organized for the~~
9 ~~purpose of electing a person to the office of Attorney~~
10 ~~General.~~

11 ~~19960.2. (a) The commission may take any action~~
12 ~~described in subdivision (b) of Section 19823 with respect~~
13 ~~to any applicant or licensee, if the applicant or licensee,~~
14 ~~within three years prior to the submission of the license~~
15 ~~or renewal application, or any time thereafter, violates~~
16 ~~any law or ordinance respecting campaign finance~~
17 ~~disclosure or contribution limitations applicable to an~~
18 ~~election that is conducted pursuant to Section 19950 or~~
19 ~~pursuant to former Section 19819, as that section read~~
20 ~~immediately prior to its repeal by the act that enacted this~~
21 ~~chapter.~~

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

24 ~~(2) Any final determination by the Fair Political~~
25 ~~Practices Commission that the applicant did not violate~~
26 ~~any provision of state law within its jurisdiction shall be~~
27 ~~binding on the commission.~~

28 ~~(3) Any final determination by a city or county~~
29 ~~governmental body having ultimate jurisdiction over the~~
30 ~~matter that the applicant did not violate an ordinance~~
31 ~~respecting campaign finance disclosure or contribution~~
32 ~~limitations applicable to an election conducted pursuant~~
33 ~~to Section 19950 shall be binding on the commission.~~

34 ~~(b) Every applicant for a gambling license, or any~~
35 ~~renewal thereof, shall file with the commission, at the~~
36 ~~time the license application or renewal is filed, the~~
37 ~~following information:~~

38 ~~(1) Any statement or other document required to be~~
39 ~~filed with the Fair Political Practices Commission relative~~
40 ~~to an election that is conducted pursuant to Section 19950,~~



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

5 (2) Any statement or other document required to be
6 filed with any local jurisdiction respecting campaign
7 finance disclosure or contribution limitations applicable
8 to an election that is conducted pursuant to Section 19950,
9 or former Section 19819, as that section read immediately
10 prior to its repeal by the act that enacted this chapter,
11 within three years of the date on which the application is
12 submitted.

13 (3) A report of any contribution of money or thing of
14 value, in excess of one hundred dollars (\$100), made to
15 any committee, as defined by Section 82013 of the
16 Government Code, associated with any election that is
17 conducted pursuant to Section 19950, or former Section
18 19819, 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 (4) A report of any other significant involvement by
22 the applicant or licensee in an election that is conducted
23 pursuant to Section 19950, or former Section 19819, as that
24 section read immediately prior to its repeal by the act that
25 enacted this chapter, within three years of the date on
26 which the application is submitted.

27 (5) A disclosure of any information in the possession of
28 the applicant or licensee concerning known or suspected
29 violations of state or local campaign laws, by any other
30 licensee or applicant, respecting the conduct of any
31 election that is conducted pursuant to Section 19950, or
32 former Section 19819, as that section read immediately
33 prior to its repeal by the act that enacted this chapter,
34 within three years of the date on which the application is
35 submitted.

36 (e) The commission shall adopt regulations to
37 implement this section.

38 19960.4. It is the intent of the Legislature that if any
39 provision of this article is adjudged by a court to be
40 invalid, that judgment shall not affect, impair, or



1 ~~invalidate any other provision of this chapter and the~~
2 ~~application thereof to other persons or circumstances, but~~
3 ~~shall be confined to the operation of the clause, sentence,~~
4 ~~paragraph, or part thereof directly involved in the~~
5 ~~controversy in which the judgment was rendered and to~~
6 ~~the person or circumstances involved.~~

7 ~~SEC. 4. Section 1822.60 is added to the Code of Civil~~
8 ~~Procedure, to read:~~

9 ~~1822.60. A warrant may be issued under the~~
10 ~~requirements of this title to authorize personnel of the~~
11 ~~Division of Gambling Control of the Department of~~
12 ~~Justice to conduct inspections as provided in subdivision~~
13 ~~(a) of Section 19825 of the Business and Professions Code.~~

14 ~~SEC. 4.5. Section 12012 of the Government Code is~~
15 ~~amended to read:~~

16 ~~12012. (a) The Governor is the sole official organ of~~
17 ~~communication between the government of this state~~
18 ~~and the government of any other state or of the United~~
19 ~~States.~~

20 ~~(b) The Governor is the designated state officer~~
21 ~~responsible for negotiating and executing, on behalf of~~
22 ~~the state, compacts with federally recognized Indian~~
23 ~~tribes in the State of California pursuant to the federal~~
24 ~~Indian Gaming Regulatory Act (25 U.S.C. Sec. 2701 et~~
25 ~~seq.), for conducting class III gaming as defined in the act,~~
26 ~~on Indian lands. Notwithstanding any other provision of~~
27 ~~law, the Governor is empowered, but not required, to~~
28 ~~negotiate and execute a tribal-state compact concerning~~
29 ~~the regulation of any gambling activity prohibited by~~
30 ~~state law that is permissible on Indian lands in this state~~
31 ~~as a matter of federal law.~~

32 ~~(c) Following completion of negotiations conducted~~
33 ~~pursuant to subdivision (b), the Governor shall submit~~
34 ~~any proposed tribal-state compact to the Joint Committee~~
35 ~~on Rules for assignment to an appropriate joint~~
36 ~~committee of the Legislature. Within 30 days after~~
37 ~~receiving a proposed compact from the Governor, the~~
38 ~~appropriate joint committee may conduct hearings on~~
39 ~~the proposed compact and shall forward its comments, if~~
40 ~~any, to the Governor. The Governor shall not execute a~~



1 compact until the expiration of 30 days after the date of
2 submission of the proposed compact to the Joint
3 Committee on Rules or until receipt of comments,
4 whichever occurs first. If comments are received during
5 the 30-day period, the Governor shall not execute a
6 compact until the Governor has considered those
7 comments.

8 SEC. 5. Section 15001 of the Government Code is
9 amended to read:

10 15001. The department is composed of the Office of
11 the Attorney General, the Division of Law Enforcement,
12 and the Division of Gambling Control.

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

15 15001.1. The Division of Gambling Control is
16 responsible for investigation and enforcement of
17 controlled gambling activity in this state as set forth in the
18 Gambling Control Act (Chapter 5 (commencing with
19 Section 19800) of Division 8 of the Business and
20 Professions Code).

21 SEC. 7. Section 15001.2 is added to the Government
22 Code, to read:

23 15001.2. Any process issued by the Division of
24 Gambling Control for purposes of implementing and
25 enforcing the Gambling Control Act (Chapter 5
26 (commencing with Section 19800) of Division 8 of the
27 Business and Professions Code) may be issued in the
28 name of the division. Any hearing conducted by the
29 Attorney General for these purposes may be styled as
30 conducted before the division.

31 SEC. 8. Section 186.9 of the Penal Code is amended to
32 read:

33 186.9. As used in this chapter:

34 (a) "Conducts" includes, but is not limited to,
35 initiating, concluding, or participating in conducting,
36 initiating, or concluding a transaction.

37 (b) "Financial institution" means, when located or
38 doing business in this state, any national bank or banking
39 association, state bank or banking association,
40 commercial bank or trust company organized under the



1 ~~laws of the United States or any state, any private bank,~~
2 ~~industrial savings bank, savings bank or thrift institution,~~
3 ~~savings and loan association, or building and loan~~
4 ~~association organized under the laws of the United States~~
5 ~~or any state, any credit union organized under the laws~~
6 ~~of the United States or any state, any national banking~~
7 ~~association or corporation acting under Chapter 6~~
8 ~~(commencing with Section 601) of Title 12 of the United~~
9 ~~States Code, any agency, agent or branch of a foreign~~
10 ~~bank, any currency dealer or exchange, any person or~~
11 ~~business engaged primarily in the cashing of checks, any~~
12 ~~person or business who regularly engages in the issuing,~~
13 ~~selling, or redeeming of traveler's checks, money orders,~~
14 ~~or similar instruments, any broker or dealer in securities~~
15 ~~registered or required to be registered with the Securities~~
16 ~~and Exchange Commission under the Securities~~
17 ~~Exchange Act of 1934 or with the Commissioner of~~
18 ~~Corporations under Part 3 (commencing with Section~~
19 ~~25200) of Division 1 of Title 4 of the Corporations Code,~~
20 ~~any licensed transmitter of funds or other person or~~
21 ~~business regularly engaged in transmitting funds to a~~
22 ~~foreign nation for others, any investment banker or~~
23 ~~investment company, any insurer, any dealer in gold,~~
24 ~~silver, or platinum bullion or coins, diamonds, emeralds,~~
25 ~~rubies, or sapphires, any pawnbroker, any telegraph~~
26 ~~company, any personal property broker, any person or~~
27 ~~business acting as a real property securities dealer within~~
28 ~~the meaning of Section 10237 of the Business and~~
29 ~~Professions Code, whether licensed to do so or not, any~~
30 ~~person or business acting within the meaning and scope~~
31 ~~of subdivisions (d) and (e) of Section 10131 and Section~~
32 ~~10131.1 of the Business and Professions Code, whether~~
33 ~~licensed to do so or not, any person or business regularly~~
34 ~~engaged in gaming within the meaning and scope of~~
35 ~~Section 330, any person or business regularly engaged in~~
36 ~~pool selling or bookmaking within the meaning and scope~~
37 ~~of Section 337a, any person or business regularly engaged~~
38 ~~in horseracing whether licensed to do so or not under the~~
39 ~~Business and Professions Code, any person or business~~
40 ~~engaged in the operation of a gambling ship within the~~



1 meaning and scope of Section 11317, any person or
2 business engaged in controlled gambling within the
3 meaning and scope of subdivision (c) of Section 19805 of
4 the Business and Professions Code, whether licensed to
5 do so or not, and any person or business defined as a
6 “bank,” “financial agency,” or “financial institution” by
7 Section 5312 of Title 31 of the United States Code or
8 Section 103.11 of Title 31 of the Code of Federal
9 Regulations and any successor provisions thereto.

10 (e) “Transaction” includes the deposit, withdrawal,
11 transfer, bailment, loan, pledge, payment, or exchange of
12 currency, or a monetary instrument, as defined by
13 subdivision (d), or the electronic, wire, magnetic, or
14 manual transfer of funds between accounts by, through,
15 or to, a financial institution as defined by subdivision (b).

16 (d) “Monetary instrument” means United States
17 currency and coin; the currency, coin, and foreign bank
18 drafts of any foreign country; payment warrants issued by
19 the United States, this state, or any city, county, or city
20 and county of this state or any other political subdivision
21 thereof; any bank check, cashier’s check, traveler’s check,
22 personal check, money order, stock, investment security,
23 or negotiable instrument in bearer form or otherwise in
24 such form that title thereto passes upon delivery; gold,
25 silver, or platinum bullion or coins; and diamonds,
26 emeralds, rubies, or sapphires. Except for foreign bank
27 drafts and federal, state, county, or city warrants,
28 “monetary instrument” does not include bank checks,
29 cashier’s checks, traveler’s checks, personal checks, or
30 money orders made payable to the order of a named
31 party which have not been endorsed or which bear
32 restrictive endorsements, and also does not include
33 personal checks which have been endorsed by the named
34 party and deposited by the named party into the named
35 party’s account with a financial institution.

36 (e) “Criminal activity” means a criminal offense
37 punishable under the laws of this state by death or
38 imprisonment in the state prison or from a criminal
39 offense committed in another jurisdiction punishable



1 under the laws of that jurisdiction by death or
2 imprisonment for a term exceeding one year.

3 (f) “Foreign bank draft” means a bank draft or check
4 issued or made out by a foreign bank, savings and loan,
5 casa de cambio, credit union, currency dealer or
6 exchanger, check cashing business, money transmitter,
7 insurance company, investment or private bank, or any
8 other foreign financial institution that provides similar
9 financial services, on an account in the name of the
10 foreign bank or foreign financial institution held at a bank
11 or other financial institution located in the United States
12 or a territory of the United States.

13 SEC. 8.5. Section 337j is added to the Penal Code, to
14 read:

15 337j. (a) It is unlawful for any person, as owner,
16 lessee, or employee, whether for hire or not, either solely
17 or in conjunction with others, to do any of the following
18 without having first procured and thereafter maintained
19 in effect all federal, state, and local licenses required by
20 law:

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

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

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

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

38 (c) Any person who violates, attempts to violate, or
39 conspires to violate this section shall be punished by
40 imprisonment in a county jail for not more than one year,



1 ~~or by a fine of not more than five thousand dollars~~
2 ~~(\$5,000), or by both that imprisonment and fine.~~

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

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

11 ~~(A) The game of bingo conducted pursuant to Section~~
12 ~~326.5.~~

13 ~~(B) Parimutuel wagering on horseraces regulated by~~
14 ~~the California Horse Racing Board.~~

15 ~~(C) Any lottery game conducted by the California~~
16 ~~State Lottery.~~

17 ~~(D) Games played with cards in private homes or~~
18 ~~residences in which no person makes money for~~
19 ~~operating the game, except as a player.~~

20 ~~SEC. 8.6. Section 14161 of the Penal Code is amended~~
21 ~~to read:~~

22 ~~14161. As used in this title:~~

23 ~~(a) “Financial institution” means, when located or~~
24 ~~doing business in this state, any national bank or banking~~
25 ~~association, state bank or banking association,~~
26 ~~commercial bank or trust company organized under the~~
27 ~~laws of the United States or any state, any private bank,~~
28 ~~industrial savings bank, savings bank or thrift institution,~~
29 ~~savings and loan association, or building and loan~~
30 ~~association organized under the laws of the United States~~
31 ~~or any state, any credit union organized under the laws~~
32 ~~of the United States or any state, any national banking~~
33 ~~association or corporation acting under Chapter 6~~
34 ~~(commencing with Section 601) of Title 12 of the United~~
35 ~~States Code, any foreign bank, any currency dealer or~~
36 ~~exchange, any person or business engaged primarily in~~
37 ~~the cashing of checks, any person or business who~~
38 ~~regularly engages in the issuing, selling, or redeeming of~~
39 ~~traveler’s checks, money orders, or similar instruments,~~
40 ~~any broker or dealer in securities registered or required~~



1 to be registered with the Securities and Exchange
2 Commission under the Securities Exchange Act of 1934,
3 any licensed sender of money, any investment banker or
4 investment company, any insurance company, any dealer
5 in coins, precious metals, stones, or jewelry, any
6 pawnbroker, any telegraph company, any person or
7 business engaged in controlled gambling within the
8 meaning of subdivision (e) of Section 19805 of the
9 Business and Professions Code, whether licensed to do so
10 or not, and any person or business defined as a “bank,”
11 “financial agency,” or “financial institution” by Section
12 5312 of Title 31 of the United States Code or Section 103.11
13 of Title 31 of the Code of Federal Regulations and any
14 successor provisions thereto.

15 (b) “Transaction” includes the deposit, withdrawal,
16 transfer, bailment, loan, payment, or exchange of
17 currency, or a monetary instrument, as defined by
18 subdivision (d), by, through, or to, a financial institution,
19 as defined by subdivision (a). “Transaction” does not
20 include the purchase of gold, silver, or platinum bullion
21 or coins, or diamonds, emeralds, rubies, or sapphires by a
22 bona fide dealer therein, and does not include the sale of
23 gold, silver, or platinum bullion or coins, or diamonds,
24 emeralds, rubies, or sapphires by a bona fide dealer
25 therein in exchange for other than a monetary
26 instrument, and does not include the exchange of gold,
27 silver, or platinum bullion or coins, or diamonds,
28 emeralds, rubies, or sapphires by a bona fide dealer
29 therein for gold, silver, or platinum bullion or coins, or
30 diamonds, emeralds, rubies, or sapphires.

31 (c) “Monetary instrument” means United States
32 currency and coin; the currency and coin of any foreign
33 country; and any instrument defined as a “monetary
34 instrument” by Section 5312 of Title 31 of the United
35 States Code or Section 103.11 of Title 31 of the Code of
36 Federal Regulations, or the successor of either.
37 Notwithstanding any other provision of this subdivision,
38 “monetary instrument” does not include bank checks,
39 cashier’s checks, traveler’s checks, personal checks, or
40 money orders made payable to the order of a named



1 ~~party that have not been endorsed or that bear restrictive~~
2 ~~endorsements.~~

3 ~~(d) “Department” means the Department of Justice.~~

4 ~~(e) “Criminal justice agency” means the Department~~
5 ~~of Justice and any district attorney’s office, sheriff’s~~
6 ~~department, police department, or city attorney’s office~~
7 ~~of this state.~~

8 ~~(f) “Currency” means United States currency or coin,~~
9 ~~the currency or coin of any foreign country, and any legal~~
10 ~~tender or coin defined as currency by Section 103.11 of~~
11 ~~Title 31 of the Code of Federal Regulations or any~~
12 ~~succeeding provision.~~

13 ~~SEC. 9. (a) For purposes of this section, “provisional~~
14 ~~license” means a license that is either granted by~~
15 ~~operation of law pursuant to this section, or is issued by~~
16 ~~the Director of the Division of Gambling Control~~
17 ~~pursuant to this section, and authorizes the holder to own~~
18 ~~and operate a gambling establishment, as defined by the~~
19 ~~Gambling Control Act (Chapter 5 (commencing with~~
20 ~~Section 19800) of Division 8 of the Business and~~
21 ~~Professions Code), as enacted by this act. The issuance of~~
22 ~~a provisional license creates no vested right to the~~
23 ~~issuance of a state gambling license by the commission. A~~
24 ~~provisional license is held subject to all terms and~~
25 ~~conditions under which a state gambling license is held~~
26 ~~pursuant to the Gambling Control Act (Chapter 5~~
27 ~~(commencing with Section 19800) of Division 8 of the~~
28 ~~Business and Professions Code), as enacted by this act.~~

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

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



1 of January 1, 1996, shall be deemed to hold a provisional
2 license to own all or a part of another gambling
3 establishment, or of other gambling establishments, if all
4 of the following conditions are satisfied with respect to
5 the other gambling establishment or establishments:

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

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

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

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

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

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

38 (A) December 31, 1996.

39 (B) The granting or denial of an application for a
40 gambling license.



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

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

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

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

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

32 ~~(e) (1) Commencing July 1, 1996, the Division of~~
33 ~~Gambling Control shall summon persons holding~~
34 ~~provisional licenses for the purpose of applying for~~
35 ~~gambling licenses under the Gambling Control Act~~
36 ~~enacted by this act. Thereafter, except as otherwise~~
37 ~~provided herein, the license application process shall~~
38 ~~proceed as an initial application for licensure in~~
39 ~~accordance with the provisions of the Gambling Control~~



1 Act, including the advance deposit of fees for
2 investigation of the application or applications, if any.

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

12 (f) If an application for a gambling license is granted,
13 and upon payment of the fees specified by the California
14 Gambling Control Commission pursuant to the Gambling
15 Control Act, a gambling license may be issued to the
16 owner of a gambling enterprise, to expire not later than
17 12 months thereafter. If this license is issued prior to
18 December 31, 1996, the licensee shall be entitled to a
19 credit, if any, for the fee paid pursuant to subdivision (d).

20 (g) Notwithstanding subdivision (a) of Section 19847,
21 there shall be a rebuttable presumption that every
22 natural person who, on December 31, 1995, holds a valid
23 and unexpired registration issued pursuant to former
24 Chapter 5 (commencing with Section 19800) of Division
25 8 of the Business and Professions Code, as it read
26 immediately prior to its repeal by this act, is suitable for
27 licensure pursuant to this act.

28 (h) If an application for a gambling license is denied,
29 the applicant shall be entitled to a pro rata refund of the
30 fee paid pursuant to subdivision (d), and any unused
31 deposit of investigative fees.

32 (i) If the Division of Gambling Control does not, prior
33 to December 31, 1996, summon a person holding a
34 provisional license for the purpose of applying for a
35 gambling license, the California Gambling Control
36 Commission, upon request of the holder of the provisional
37 license, and upon payment of the fees specified by the
38 commission pursuant to the Gambling Control Act, shall
39 extend the provisional license until December 31, 1997.



1 Thereafter, the process described in subdivisions (e), (f),
2 and (g) shall apply in similar fashion.

3 (j) No application for a state gambling license may be
4 submitted to the Division of Gambling Control prior to
5 July 1, 1996. It is the intent of the Legislature that the
6 California Gambling Control Commission and division
7 shall be fully operative by July 1, 1996.

8 SEC. 9.1. (a) Notwithstanding any provision of
9 Chapter 5 (commencing with Section 19800) of Division
10 8 of the Business and Professions Code, as enacted by this
11 act to the contrary, an application by (1) a corporation
12 licensed pursuant to Chapter 4 (commencing with
13 Section 19400), and (2) persons defined by paragraphs
14 (1) and (2) of subdivision (f), in connection with the
15 gaming club permitted pursuant to subdivision (d), shall
16 be deemed provisionally approved upon its submission.
17 The provisional approval granted pursuant to this section
18 is valid only with respect to the corporation and persons
19 initially approved. The provisional approval shall be valid
20 only until the application is either granted or denied by
21 the Attorney General on its merits.

22 (b) With respect to a corporation described in
23 paragraph (1) of subdivision (f), the identities of all
24 shareholders or other owners of interests in the
25 corporation, regardless of the extent of the shareholder's
26 or owner's interest, and to the extent that the identity is
27 known by or reported to the corporation by its transfer
28 agent, shall be disclosed to the Attorney General at least
29 semiannually. The Attorney General may require
30 disclosure of those identities more frequently than
31 semiannually.

32 (c) With respect to a corporation described in
33 paragraph (2) of subdivision (f), the identities of all
34 shareholders or other owners of interests in the subsidiary
35 corporation, any intermediary corporation, and the
36 publicly traded corporation, to the extent that the
37 identity is known by or reported to the publicly traded
38 corporation by its transfer agent, shall be disclosed to the
39 Attorney General at least semiannually. The Attorney



1 ~~General may require disclosure of those identities more~~
2 ~~frequently than semiannually.~~

3 ~~(d) The entities described in paragraph (1) or (2) of~~
4 ~~subdivision (f) shall be allowed to operate only one~~
5 ~~gaming club, and the gaming club shall be located on the~~
6 ~~same premises as the entity's racetrack.~~

7 ~~(e) In order that the Attorney General may have~~
8 ~~adequate resources to perform the additional~~
9 ~~investigations made necessary by the operation of gaming~~
10 ~~clubs pursuant to subdivision (a), the applicants for~~
11 ~~registration of gaming clubs pursuant to subdivision (a)~~
12 ~~shall be assessed a fee that shall not exceed the reasonable~~
13 ~~cost incurred in processing, investigating, and approving~~
14 ~~or denying applications pursuant to Section 19855 of the~~
15 ~~Business and Professions Code, as enacted by this act, and~~
16 ~~in insuring compliance with the registration granted~~
17 ~~pursuant thereto.~~

18 ~~(f) (1) With respect to a corporation licensed to~~
19 ~~conduct horseracing and simulcast wagering pursuant to~~
20 ~~Chapter 4 (commencing with Section 19400) of Division~~
21 ~~8 of the Business and Professions Code, whose stock is~~
22 ~~publicly traded, "person" means the corporation and any~~
23 ~~officer, director, or owner of 5 percent or more of the~~
24 ~~outstanding shares of the corporation. In addition,~~
25 ~~"person" means any individual who is determined by the~~
26 ~~Attorney General to have the power to exercise influence~~
27 ~~over the operation of the club. "Person" does not mean~~
28 ~~an institutional investor as defined by paragraph (3).~~
29 ~~Section 19848.5 of the Business and Professions Code shall~~
30 ~~not apply to a corporation or to any officer, director,~~
31 ~~owner, or individual as described in this paragraph.~~

32 ~~(2) With respect to a corporation licensed to conduct~~
33 ~~horseracing and simulcast wagering pursuant to Chapter~~
34 ~~4 (commencing with Section 19400) of Division 8 of the~~
35 ~~Business and Professions Code that is a wholly owned~~
36 ~~subsidiary of a corporation whose stock is publicly traded,~~
37 ~~"person" means the corporation and any officer or~~
38 ~~director of the subsidiary corporation and any owner of~~
39 ~~5 percent or more of the outstanding shares of the~~
40 ~~publicly traded corporation. In addition, "person" means~~



1 any other individual, including, but not limited to, any
2 officer or director of the publicly traded corporation and
3 its intermediary corporations, who is determined by the
4 Attorney General to have the power to exercise influence
5 over the operation of the club. "Person" does not mean
6 an institutional investor as defined by paragraph (3).
7 Section 19848.5 of the Business and Professions Code shall
8 not apply to a corporation or to any officer, director,
9 owner, or individual as described in this paragraph.

10 (3) "Institutional investor" means any retirement
11 fund administered by a public agency for the exclusive
12 benefit of federal, state, or local public employees, any
13 investment company registered under the Investment
14 Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.), any
15 collective investment trust organized by banks under
16 Part Nine of the Rules of the Comptroller of the
17 Currency, any closed-end investment trust, any
18 chartered or licensed life insurance company or property
19 and casualty insurance company, any banking and other
20 chartered or licensed lending institution, any investment
21 advisor registered under the Investment Advisors Act of
22 1940 (15 U.S.C. Sec. 80b-1 et seq.) acting in that capacity,
23 and such other persons as the Attorney General may
24 determine for reasons consistent with the policies of
25 Chapter 5 (commencing with Section 19800) of Division
26 8 of the Business and Professions Code, as enacted by this
27 act.

28 (g) This section shall remain in effect only until
29 January 1, 1999, and as of that date is repealed, unless a
30 later enacted statute, which is enacted before January 1,
31 1999, deletes or extends that date.

32 SEC. 9.5. All administrative or judicial proceedings
33 that were initiated pursuant to former Chapter 5
34 (commencing with Section 19800) of Division 8 of the
35 Business and Professions Code, as it read immediately
36 prior to its repeal by this act, and that are not concluded
37 prior to the effective date of this act, shall continue and
38 shall be governed by those provisions until concluded.

39 SEC. 10. Section 19852 of the Business and Professions
40 Code, as enacted by this act, shall not apply in a situation



1 where the initial or subsequent annual renewal licensure
2 of any gambling establishment with respect to which, on
3 December 31, 1995, all persons who were required to be
4 registered pursuant to former Chapter 5 (commencing
5 with Section 19800) of Division 8 of the Business and
6 Professions Code, as it read immediately prior to its repeal
7 by this act, possessed a current and valid registration.
8 However, Section 19852 shall apply to any annual renewal
9 licensure under the Gambling Control Act, if the
10 application therefor includes an application for
11 expansion, as defined by subdivision (d) of Section 19852
12 of the Business and Professions Code, as enacted by this
13 act.

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

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

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

34 However, notwithstanding Section 17610 of the
35 Government Code, if the Commission on State Mandates
36 determines that this act contains other costs mandated by
37 the state, reimbursement to local agencies and school
38 districts for those costs shall be made pursuant to Part 7
39 (commencing with Section 17500) of Division 4 of Title
40 2 of the Government Code. If the statewide cost of the



1 ~~claim for reimbursement does not exceed one million~~
2 ~~dollars (\$1,000,000), reimbursement shall be made from~~
3 ~~the State Mandates Claims Fund.~~

4 ~~Notwithstanding Section 17580 of the Government~~
5 ~~Code, unless otherwise specified in this act, the provisions~~
6 ~~of this act shall become operative on the same date that~~
7 ~~the act takes effect pursuant to the California~~
8 ~~Constitution.~~

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