

AMENDED IN ASSEMBLY APRIL 13, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 2847

Introduced by Assembly Member Firebaugh

March 2, 2000

An act to amend ~~Section 19815.5A of Sections 19818 and 19834A of~~, to amend and renumber Sections 19814A and 19815.5A of, and to add Sections 19823.1 and 19834.4 to, the Business and Professions Code, relating to gambling.

LEGISLATIVE COUNSEL'S DIGEST

AB 2847, as amended, Firebaugh. Gaming Policy Advisory Committee.

(1) Existing law provides that the California Gambling Control Commission shall establish and appoint a Gaming Policy Advisory Committee of 10 members *for the purpose of discussing matters of regulatory policy and providing nonbinding advisory recommendations to the commission.*

~~This bill would increase the number of members on the Gaming Policy Advisory Committee from 10 to 12.~~

This bill would provide that the commission shall appoint to this committee 4 representatives of controlled gambling licensees, 3 representatives of local governments with gambling establishments within their jurisdictions, and one member of the general public. This bill would also provide that the Senate Committee on Rules and the Speaker of the Assembly shall each appoint one member of the general public to this committee.

(2) Existing law provides that the Gambling Control Commission succeeded to all the powers of the California Gambling Control Board, which was abolished pursuant to the occurrence of specified conditions, and that wherever reference is made to the board within the Gambling Control Act, it shall be construed to mean the commission.

This bill would amend provisions referring to the board to instead refer to the commission, thereby making a technical change. This bill would also reenact, with reference to the commission, a provision that vested the board with general authority to grant, deny, revoke, suspend, or impose conditions, restrictions, or limitations on any license, permit, or approval provided for under the Gambling Control Act. With regard to this provision, the bill would additionally provide that the commission shall have the authority to reinstate a license to own a gambling establishment, a key employee license, or any other license provided for under the act that has been revoked, suspended, or terminated, provided that the license was not revoked, suspended, or terminated by the division or commission for cause. The bill would require the commission to adopt regulations implementing this reinstatement authority.

(3) Existing law provides that the Director of the Division of Gambling Control and members of the Gambling Control Commission shall receive a specified salary.

This bill would instead apply this salary provision to members of the commission only.

(4) Existing law provides for the commission's adoption of regulations with respect to various matters, including the extension of credit and the cashing, deposit, and redemption of checks by gambling establishments.

This bill would delete the reference to regulations governing the extension of credit and the deposit and redemption of checks.

This bill would also declare that the public policy of California does not favor the resolution of civil claims through the courts that arise out of gambling losses. This bill would prohibit gambling establishments from making loans to patrons. However, this bill would provide that checks



accepted by gambling establishments for which cash, tokens, or chips are provided shall be enforced by the courts.

Because this bill would impose new regulatory requirements, violations of which would be punishable as misdemeanors, this bill would impose a state-mandated local program.

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

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

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

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

1 SECTION 1. Section 19814A of the Business and
2 Professions Code is amended and renumbered to read:

3 ~~19814A. (a) The director and the~~
4 19814. The members of the commission shall receive
5 the salary provided for by Section 11553.5 of the
6 Government Code.

7 ~~(b) This section shall become operative on the~~
8 ~~occurrence of one of the events specified in Section 66 of~~
9 ~~the act that added this section to the Business and~~
10 ~~Professions Code.~~

11 SEC. 2. Section 19815.5A of the Business and
12 Professions Code is amended and renumbered to read:

13 ~~19815.5A. (a)~~
14 19815.5. The commission shall establish and appoint a
15 Gaming Policy Advisory Committee of ~~12~~ 10 members.
16 The ~~committee~~ commission shall be composed of appoint
17 four representatives of controlled gambling licensees and
18 members, three representatives of local governments
19 that have gambling establishments within their
20 jurisdictions, and one member of the general public in
21 equal numbers. The Senate Committee on Rules and the
22 Speaker of the Assembly shall each appoint one member
23 of the general public. The executive secretary shall, from



1 time to time, convene the committee for the purpose of
2 discussing matters of controlled gambling regulatory
3 policy and any other relevant gambling-related issue. The
4 recommendations concerning gambling policy made by
5 the committee shall be presented to the commission, but
6 shall be deemed advisory and not binding on the
7 commission in the performance of its duties or functions.

8 ~~(b) This section shall become operative on the~~
9 ~~occurrence of one of the events specified in Section 66 of~~
10 ~~the act that added this section to the Business and~~
11 ~~Professions Code.~~

12 *SEC. 3. Section 19818 of the Business and Professions*
13 *Code is amended to read:*

14 19818. The executive secretary of the ~~board~~
15 *commission* may appoint no more than two attorneys as
16 counsel to the ~~board~~ *commission*. However, in lieu of
17 representation by the attorneys appointed pursuant to
18 this section, the ~~board~~ *commission* may request
19 representation by the Attorney General in any
20 proceeding before any court.

21 *SEC. 4. Section 19823.1 is added to the Business and*
22 *Professions Code, to read:*

23 19823.1. (a) *In addition to the other powers and*
24 *duties specified in this chapter, the commission may*
25 *grant, deny, revoke, suspend, or impose conditions,*
26 *restrictions, or limitations on any license, permit, or*
27 *approval provided for in this chapter.*

28 (b) *The commission shall have the authority to*
29 *reinstate a license to own a gambling establishment, a key*
30 *employee license, or any other license provided for under*
31 *this chapter that has been revoked, suspended, or*
32 *terminated, provided that the license was not revoked,*
33 *suspended, or terminated by the division or commission*
34 *for cause. The commission shall adopt regulations to*
35 *implement this section.*

36 *SEC. 5. Section 19834A of the Business and*
37 *Professions Code is amended to read:*

38 19834A. The regulations adopted by the commission
39 shall do all of the following:



1 (a) With respect to applications, registrations,
2 investigations, and fees, the regulations shall include, but
3 not be limited to, provisions that do all of the following:

4 (1) Prescribe the method and form of application and
5 registration.

6 (2) Prescribe the information to be furnished by any
7 applicant, licensee, or registrant concerning, as
8 appropriate, the person's personal history, habits,
9 character, associates, criminal record, business activities,
10 organizational structure, and financial affairs, past or
11 present.

12 (3) Prescribe the information to be furnished by an
13 owner licensee relating to the licensee's gambling
14 employees.

15 (4) Require fingerprinting or other methods of
16 identification of an applicant, licensee, or employee of a
17 licensee.

18 (5) Prescribe the manner and method of collection
19 and payment of fees and issuance of licenses.

20 (b) Provide for the approval of game rules and
21 equipment by the division to ensure fairness to the public
22 and compliance with state laws.

23 (c) Implement the provisions of this chapter relating
24 to licensing.

25 (d) Require owner licensees to report and keep
26 records of transactions, as determined by the division,
27 involving cash~~—or—credit~~. The regulations may include,
28 without limitation, regulations requiring owner licensees
29 to file with the division reports similar to those required
30 by Sections 5313 and 5314 of Title 31 of the United States
31 Code, and by Sections 103.22 and 103.23 of Title 31 of the
32 Code of Federal Regulations, and any successor
33 provisions thereto, from financial institutions, as defined
34 in Section 5312 of Title 31 of the United States Code and
35 Section 103.11 of Title 31 of the Code of Federal
36 Regulations, and any successor provisions.

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



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

3 (f) Provide for the disapproval of advertising by
4 licensed gambling establishments that is determined by
5 the division to be deceptive to the public. Regulations
6 adopted by the ~~division~~ *commission* for advertising by
7 licensed gambling establishments shall be consistent with
8 the advertising regulations adopted by the California
9 Horse Racing Board and the Lottery Commission.
10 Advertisement that appeals to children or adolescents or
11 that offers gambling as a means of becoming wealthy is
12 presumptively deceptive.

13 (g) Govern ~~all~~ *both* of the following:

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

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

17 ~~(3)~~

18 (2) The verification of identification in monetary
19 transactions.

20 (h) Prescribe minimum procedures for adoption by
21 owner licensees to exercise effective control over their
22 internal fiscal and gambling affairs, which shall include,
23 but not be limited to, provisions for all of the following:

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

26 (2) Prescribing the manner in which compensation
27 from games and gross revenue shall be computed and
28 reported by an owner licensee.

29 (3) The provision of reliable records, accounts, and
30 reports of transactions, operations, and events, including
31 reports to the division.

32 (i) Provide for the adoption and use of internal audits,
33 whether by qualified internal auditors or by certified
34 public accountants. As used in this subdivision, “internal
35 audit” means a type of control that operates through the
36 testing and evaluation of other controls and that is also
37 directed toward observing proper compliance with the
38 minimum standards of control prescribed in subdivision
39 (h).



1 (j) Require periodic financial reports from each owner
2 licensee.

3 (k) Specify standard forms for reporting financial
4 conditions, results of operations, and other relevant
5 financial information.

6 (l) Formulate a uniform code of accounts and
7 accounting classifications to ensure consistency,
8 comparability, and effective disclosure of financial
9 information.

10 (m) Prescribe intervals at which the information in
11 subdivisions (j) and (k) shall be furnished to the division.

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

21 (o) Restrict, limit, or otherwise regulate any activity
22 that is related to the conduct of controlled gambling,
23 consistent with the purposes of this chapter.

24 (p) Define and limit the area, games, hours of
25 operation, number of tables, wagering limits, and
26 equipment permitted, or the method of operation of
27 games and equipment, if the division determines that
28 local regulation of these subjects is insufficient to protect
29 the health, safety, or welfare of residents in geographical
30 areas proximate to a gambling establishment.

31 (q) Prohibit gambling establishments from cashing
32 checks drawn against any federal, state, or county fund,
33 including, but not limited to, social security,
34 unemployment insurance, disability payments, or public
35 assistance payments. However, a gambling establishment
36 shall not be prohibited from cashing any payroll checks
37 or checks for the delivery of goods or services that are
38 drawn against a federal, state, or county fund.



1 Gambling establishments shall send the commission
2 copies of all dishonored or uncollectible checks at the end
3 of each quarter.

4 (r) Provide for standards, specifications, and
5 procedures governing the manufacture, distribution,
6 including the sale and leasing, inspection, testing,
7 location, operation, repair, and storage of gambling
8 equipment, and for the licensing of persons engaged in
9 the business of manufacturing, distributing, including the
10 sale and leasing, inspection, testing, repair, and storage of
11 gambling equipment.

12 *SEC. 6. Section 19834.4 is added to the Business and
13 Professions Code, to read:*

14 *19834.4. (a) The public policy of California does not
15 favor the resolution of civil claims through the courts that
16 arise out of gambling losses. Accordingly, gambling
17 establishments shall not make loans to patrons.*

18 *(b) Notwithstanding subdivision (a), the public policy
19 of this state does not preclude the courts from enforcing
20 the collectability of checks that are cashed in gambling
21 establishments.*

22 *Accordingly, checks that are accepted by gambling
23 establishments for which cash, tokens, or chips are
24 provided shall be enforced by the courts of this state.*

25 *SEC. 7. No reimbursement is required by this act
26 pursuant to Section 6 of Article XIII B of the California
27 Constitution because the only costs that may be incurred
28 by a local agency or school district will be incurred
29 because this act creates a new crime or infraction,
30 eliminates a crime or infraction, or changes the penalty
31 for a crime or infraction, within the meaning of Section
32 17556 of the Government Code, or changes the definition
33 of a crime within the meaning of Section 6 of Article
34 XIII B of the California Constitution.*

