

**ASSEMBLY BILL**

**No. 356**

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**Introduced by Assembly Member Mendoza**

February 14, 2007

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An act to add Section 19881.5 to the Business and Professions Code, and to amend Section 337j of the Penal Code, relating to gaming.

LEGISLATIVE COUNSEL'S DIGEST

AB 356, as introduced, Mendoza. Gambling control.

(1) Existing law, the Gambling Control Act, provides for the licensure and regulation of various legalized gambling activities and establishments by the California Gambling Control Commission. Under the act, a corporation is ineligible to receive a license to own a gambling enterprise unless the conduct of controlled gambling is among the purposes stated in its articles of incorporation, and the articles of incorporation have been submitted to and approved by the commission.

This bill would authorize the commission to delegate to staff the approval of articles of incorporation, statements of limited partnership, and other entity filings that are required to specifically state that gambling is one of the purposes for which the business entity is formed.

(2) Existing law relating to legalized gambling defines and regulates controlled games. Existing law prohibits a player fee from being calculated as a fraction or percentage of wagers made or winnings earned. Existing law also authorizes flat fees on each wager to be assessed at different collection rates, but no more than 3 collection rates may be established per table.

This bill would increase that amount to 5 collection rates per table.

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

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

1 SECTION 1. Section 19881.5 is added to the Business and  
2 Professions Code, to read:

3 19881.5. The commission may delegate to staff the approval  
4 of articles of incorporation, statements of limited partnership, and  
5 other entity filings that are required to specifically state that  
6 gambling is one of the purposes for which the business entity is  
7 formed.

8 SEC. 2. Section 337j of the Penal Code is amended to read:

9 337j. (a) It is unlawful for any person, as owner, lessee, or  
10 employee, whether for hire or not, either solely or in conjunction  
11 with others, to do any of the following without having first  
12 procured and thereafter maintained in effect all federal, state, and  
13 local licenses required by law:

14 (1) To deal, operate, carry on, conduct, maintain, or expose for  
15 play in this state any controlled game.

16 (2) To receive, directly or indirectly, any compensation or  
17 reward or any percentage or share of the revenue, for keeping,  
18 running, or carrying on any controlled game.

19 (3) To manufacture, distribute, or repair any gambling equipment  
20 within the boundaries of this state, or to receive, directly or  
21 indirectly, any compensation or reward for the manufacture,  
22 distribution, or repair of any gambling equipment within the  
23 boundaries of this state.

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

30 (c) It is unlawful for any person to knowingly permit any  
31 gambling equipment to be manufactured, stored, or repaired in  
32 any house or building or other premises that the person owns or  
33 leases, in whole or in part, if that activity is undertaken by a person  
34 who is not licensed as required by state law, or by an employee of  
35 that person.

36 (d) Any person who violates, attempts to violate, or conspires  
37 to violate this section shall be punished by imprisonment in a  
38 county jail for not more than one year or by a fine of not more than

1 ten thousand dollars (\$10,000), or by both imprisonment and fine.  
2 A second offense of this section is punishable by imprisonment in  
3 a county jail for a period of not more than one year or in the state  
4 prison or by a fine of not more than ten thousand dollars (\$10,000),  
5 or by both imprisonment and fine.

6 (e) (1) As used in this section, “controlled game” means any  
7 poker or Pai Gow game, and any other game played with cards or  
8 tiles, or both, and approved by the Division of Gambling Control,  
9 and any game of chance, including any gambling device, played  
10 for currency, check, credit, or any other thing of value that is not  
11 prohibited and made unlawful by statute or local ordinance.

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

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

15 (B) Parimutuel racing on horse races regulated by the California  
16 Horse Racing Board.

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

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

21 (f) This subdivision is intended to be dispositive of the law  
22 relating to the collection of player fees in gambling establishments.  
23 A fee may not be calculated as a fraction or percentage of wagers  
24 made or winnings earned. The amount of fees charged for all  
25 wagers shall be determined prior to the start of play of any hand  
26 or round. However, the gambling establishment may waive  
27 collection of the fee or portion of the fee in any hand or round of  
28 play after the hand or round has begun pursuant to the published  
29 rules of the game and the notice provided to the public. The actual  
30 collection of the fee may occur before or after the start of play.  
31 Ample notice shall be provided to the patrons of gambling  
32 establishments relating to the assessment of fees. Flat fees on each  
33 wager may be assessed at different collection rates, but no more  
34 than ~~three~~ *five* collection rates may be established per table.  
35 However, if the gambling establishment waives its collection fee,  
36 this fee does not constitute one of the ~~three~~ *five* collection rates.

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