

Assembly Bill No. 156

CHAPTER 391

An act to amend Section 19902 of, and to add Sections 19906 and 19943.5 to, the Business and Professions Code, relating to gaming.

[Approved by Governor October 2, 2011. Filed with
Secretary of State October 2, 2011.]

LEGISLATIVE COUNSEL'S DIGEST

AB 156, Lara. Gambling control.

Existing law establishes the California Gambling Control Commission, prescribes the requirements for obtaining a gambling license, and defines a gambling establishment or licensed premises for these purposes. Existing law prohibits a contract for the sale or lease of real or personal property that requires the approval or licensing of the transferee by the commission from specifying a closing date earlier than 90 days after the submission of the completed application for approval or licensing to the commission.

This bill would, instead, prohibit a contract for the sale or lease of real or personal property from specifying a closing date that is prior to the approval or licensing of the transferee by the commission. The bill also would require a contract for the sale of a gambling enterprise to state whether any outstanding gaming chips from the seller will be honored by the purchaser, and, if the contract does not require the purchaser to honor the outstanding gaming chips, to indicate what provisions have been made for the redemption of those chips. The bill would require the seller to give notice to patrons to provide an adequate opportunity for the redemption of gaming chips. The bill would require the Department of Justice to determine the amount of the outstanding gaming chip liability, and would require the seller to satisfy the commission that the amount of liability is safeguarded by security sufficient to satisfy the redemption of outstanding gaming chips.

Existing law requires the department to approve the play of any controlled game, including, but not limited to, placing restrictions and limitations on how a controlled game is played.

This bill would provide that a gambling enterprise that conducts play of a controlled game that has been approved by the department, but is later found to be unlawful, has an absolute defense to any criminal, administrative, or civil action provided the game was being played in the manner approved during the time for which it was approved, and play ceases upon notice that the game has been found unlawful. The bill would provide that the gambling enterprise has the burden, in any enforcement action, of proving the department approved the controlled game and that the game was played in the manner approved.

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

SECTION 1. Section 19902 of the Business and Professions Code is amended to read:

19902. When any person contracts to sell or lease any property or interest in property, real or personal, under circumstances that require the approval or licensing of the purchaser or lessee by the commission pursuant to subdivision (a) of Section 19853, the contract shall not specify a closing date for the transaction that is prior to that approval or licensing by the commission. Any provision of a contract that specifies an earlier closing date is void for all purposes, but the invalidity does not affect the validity of any other provision of the contract.

SEC. 2. Section 19906 is added to the Business and Professions Code, to read:

19906. (a) A contract for the sale of a gambling enterprise shall state whether any outstanding gaming chips from the seller will be honored by the purchaser. If the contract does not require the purchaser to honor the outstanding gaming chips used by the seller, then the contract shall indicate what provisions have been made for the redemption of outstanding gaming chips as of the closing date of the sale.

(b) Prior to any action of the commission on the proposed contract for sale of the gambling enterprise, the department shall determine the amount of the seller's outstanding gaming chip liability. The seller shall satisfy the commission that the amount of liability is safeguarded by a surety bond, escrow account, or other form of security sufficient to guarantee the availability of funds for the redemption of outstanding gaming chips. The seller shall give notice to the patrons of the gambling enterprise in order to provide an adequate opportunity for redemption of any outstanding gaming chips.

SEC. 3. Section 19943.5 is added to the Business and Professions Code, to read:

19943.5. If a gambling enterprise conducts play of a controlled game that has been approved by the department pursuant to Section 19826, and the controlled game is subsequently found to be unlawful, so long as the game was played in the manner approved, the approval by the department shall be an absolute defense to any criminal, administrative, or civil action that may be brought, provided that the game is played during the time for which it was approved by the department and the gambling enterprise ceases play upon notice that the game has been found unlawful. In any enforcement action, the gambling enterprise shall have the burden of proving the department approved the controlled game and that the game was played in the manner approved.