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AMENDED IN SENATE JANUARY 4, 2012

AMENDED IN SENATE MAY 27, 2011

AMENDED IN SENATE MAY 11, 2011

AMENDED IN SENATE APRIL 25, 2011

AMENDED IN SENATE MARCH 31, 2011

SENATE BILL

No. 383

Introduced by Senator Wolk

February 15, 2011

An act to repeal Sections 19850.5 and 19850.6 of the Business and Professions Code, and to amend Sections 326.3 and 326.5 of the Penal Code, relating to bingo, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 383, as amended, Wolk. Remote caller bingo.

The California Constitution allows the Legislature, by statute, to authorize cities and counties to provide for bingo games for charitable purposes. Existing law authorizes cities and counties to permit eligible nonprofit organizations to conduct bingo games and remote caller bingo games, as defined, for charitable purposes pursuant to an ordinance that allows those games to be conducted in accordance with specified requirements. Existing law sets forth a model ordinance for a city, county, or city and county to authorize remote caller bingo, and prohibits an organization from conducting remote caller bingo more than 2 days per week. Existing law requires an organization authorized to conduct

remote caller bingo games to provide at least 30 days' advance written notice of its intent to conduct a remote caller bingo game.

This bill additionally would permit a city, county, or city and county to amend an existing local ordinance that allows bingo games to be conducted within that jurisdiction, by resolution, to permit the conduct of remote caller bingo games pursuant to that ordinance, as specified. The bill would include among those organizations eligible to conduct remote caller bingo a charitable organization affiliated with a community college district. The bill would prohibit an organization from conducting remote caller bingo more than 2 days per week, but would permit an organization to hold one additional game, at its election, in each calendar quarter. The bill would require an organization authorized to conduct remote caller bingo games to provide at least 10 days' advance written notice of intent to conduct a remote caller bingo game on a form prescribed by the city, county, or city and county, and to provide notice within 24 hours if the location of the remote caller bingo game changes. The bill also would repeal the model ordinance.

Existing law requires the California Gambling Control Commission to regulate remote caller bingo, including licensure and operation. Among other things, any person who conducts a remote caller bingo game and any person who manufactures or otherwise provides equipment for use in the playing of a remote caller bingo game are required to be licensed. Existing law also requires the commission to approve all equipment used for remote caller bingo in advance, to monitor operation of the transmission and other equipment used for remote caller bingo, and to monitor the game.

This bill would delete all state licensure requirements for the conduct of remote caller bingo, and would, instead, require an organization that is eligible to conduct remote caller bingo games to register annually with the ~~Department of Justice~~ *commission*, as specified. The bill would require the ~~department~~ *commission* to maintain a registry on its Internet Web site of all organizations registered to conduct remote caller bingo. The bill would ~~require the department~~ *authorize the commission* to charge an annual registration fee of \$100, to be deposited into the California Bingo Fund, to cover the ~~department's~~ *commission's* actual costs to administer and enforce these provisions, and would ~~require the department~~ *authorize the commission* to adopt regulations in that regard. The bill would require an organization licensed to conduct remote caller bingo, or a management company contracted with a licensed organization, to register all of its local bingo licenses with the

~~department~~ *commission*. The bill would authorize the ~~department~~ *commission* to charge a fee to cover the cost of the registration requirement and would require that registration information be made available to the public upon request.

The bill would make other technical and conforming changes relating to the duties of the Department of Justice and the *commission*, including setting forth procedures for a city, county, or city and county, as the local licensing entity, to obtain a background check from the department. The bill would delete the requirement that the *commission* approve all equipment used for remote caller bingo in advance, but would require the city, county, or city and county to monitor operation of the transmission and other equipment used for remote caller bingo and to monitor the game. The bill would authorize the ~~department~~ *commission* to audit the books and records of a licensed organization or a management company contracted by a licensed organization to conduct remote caller bingo at any time and to charge a fee for the audit. The bill would require the audit information to be made available to the public upon request. Additionally, the bill would require a management company to retain an independent California certified public accountant to conduct an annual audit of its books and records, and would subject a management company to a civil penalty for filing false information with the ~~department~~ *commission*.

To ensure continuity of remote caller bingo games, this bill would, until June 1, 2012, authorize a city, county, or city and county to recognize a state license, work permit, or approval of equipment that was issued by the *commission* and in effect on June 30, 2011, as specified. The bill would permit an authorized organization to contract with a management company to provide business services, but would require the organization to give notice of the contract to the city, county, or city and county and to meet other requirements, as specified. The bill would require the live, physical calling and broadcast of a remote caller bingo game to be conducted from a jurisdiction that authorizes by local ordinance the conduct of remote caller bingo games.

This bill would make additional changes relating to the requirements for cosponsoring remote caller bingo games, and would simplify other procedures and requirements applicable to the conduct of remote caller bingo games.

Under existing law, any violation of the remote caller bingo provisions described above is a misdemeanor, punishable as specified.

This bill would expand the scope of an existing crime by imposing different requirements for the conduct of remote caller bingo, thereby creating a state-mandated local program.

Existing law ~~requires~~ *required* the California Gambling Control Commission to submit a report to the Legislature, on or before January 1, 2012, on the fundraising effectiveness and regulation of remote caller bingo. A loan from the Gambling Control Fund to the California Bingo Fund for the startup costs relating to remote caller bingo is required to be repaid within 5 years after the date of the loan.

This bill would delete that reporting requirement, and would delete the requirement that the startup loan be repaid within 5 years.

Existing law authorizes players who are physically present at a bingo game to use hand-held, portable card-minding devices, as specified, that are approved prior to use by the California Gambling Control Commission. Additionally, the commission is required to license persons or entities that manufacture, supply, or service card-minding devices and related equipment, and may inspect and prohibit the use of any card-minding devices that are noncompliant. Existing law requires the commission to adopt regulations concerning remote caller bingo and card-minding devices.

This bill would repeal these provisions relating to card-minding devices and the duties of the commission.

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.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

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

- 1 SECTION 1. Section 19850.5 of the Business and Professions
- 2 Code is repealed.
- 3 SEC. 2. Section 19850.6 of the Business and Professions Code
- 4 is repealed.
- 5 SEC. 3. Section 326.3 of the Penal Code is amended to read:

1 326.3. (a) The Legislature finds and declares all of the
2 following:

3 (1) Nonprofit organizations provide important and essential
4 educational, philanthropic, and social services to the people of the
5 State of California.

6 (2) One of the great strengths of California is a vibrant nonprofit
7 sector.

8 (3) Nonprofit and philanthropic organizations touch the lives
9 of every Californian through service and employment.

10 (4) Many of these services would not be available if nonprofit
11 organizations did not provide them.

12 (5) There is a need to provide methods of fundraising to
13 nonprofit organizations to enable them to provide these essential
14 services.

15 (6) Historically, many nonprofit organizations have used
16 charitable bingo as one of their key fundraising strategies to
17 promote the mission of the charity.

18 (7) Legislation is needed to provide greater revenues for
19 nonprofit organizations to enable them to fulfill their charitable
20 purposes, and especially to meet their increasing social service
21 obligations.

22 (8) Legislation is also needed to clarify that existing law requires
23 that all charitable bingo must be played using a tangible card and
24 that the only permissible electronic devices to be used by charitable
25 bingo players are card-minding devices.

26 (b) Neither the prohibition on gambling in this chapter nor in
27 Chapter 10 (commencing with Section 330) applies to any remote
28 caller bingo game that is played or conducted in a city, county, or
29 city and county pursuant to an ordinance enacted under Section
30 19 of Article IV of the California Constitution, if the ordinance
31 allows a remote caller bingo game to be played or conducted only
32 in accordance with this section, including the following
33 requirements:

34 (1) The game may be conducted only by the following
35 organizations:

36 (A) An organization that is exempted from the payment of the
37 taxes imposed under the Corporation Tax Law by Section 23701a,
38 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or
39 23701w of the Revenue and Taxation Code.

40 (B) A mobilehome park association.

1 (C) A senior citizens organization.

2 (D) Charitable organizations affiliated with a school district or
3 community college district.

4 (2) The organization conducting the game shall have been
5 incorporated or in existence for three years or more.

6 (3) The organization conducting the game shall be licensed
7 pursuant to subdivision (l) of Section 326.5.

8 (4) The receipts of the game shall be used only for charitable
9 purposes. The organization conducting the game shall determine
10 the disbursement of the net receipts of the game.

11 (5) The operation of bingo may not be the primary purpose for
12 which the organization is organized.

13 (c) (1) To ensure continuity of remote caller bingo games, until
14 June 1, 2012, the local licensing entity may recognize a state
15 license, work permit, or approval of equipment that was issued by
16 the commission pursuant to this section, and in effect on June 30,
17 2011, including, but not limited to, any of the following:

18 (A) An interim license of a person who conducts remote caller
19 bingo games approved by the commission, as of June 30, 2011.

20 (B) An interim work permit for personnel employed by an
21 organization that conducts remote caller bingo games.

22 (C) An interim approval of equipment used for remote caller
23 bingo games.

24 (2) If the local licensing entity decides to recognize a license,
25 work permit, or equipment approval issued by the commission,
26 the local licensing entity shall be responsible for regulatory
27 oversight and enforcement in accordance with the standards and
28 procedures applicable within its jurisdiction pursuant to local
29 ordinance.

30 (3) Any reference to the commission as the licensing authority
31 for the conduct of remote caller bingo games that appears in a local
32 ordinance adopted prior to the operative date of the act adding this
33 subdivision shall be deemed to refer to the local licensing entity.

34 (d) (1) It is a misdemeanor for any person to receive or pay a
35 profit, wage, or salary from any remote caller bingo game, provided
36 that administrative, managerial, technical, financial, and security
37 personnel employed by the organization conducting the bingo
38 game may be paid reasonable fees for services rendered from the
39 revenues of bingo games, as provided in subdivision (m), except
40 that fees paid under those agreements shall not be determined as

1 a percentage of receipts or other revenues from, or be dependent
2 on the outcome of, the game.

3 (2) A violation of this subdivision shall be punishable by a fine
4 not to exceed ten thousand dollars (\$10,000), which fine shall be
5 deposited in the general fund of the city, county, or city and county
6 that enacted the ordinance authorizing the remote caller bingo
7 game. A violation of any provision of this section, other than this
8 subdivision, is a misdemeanor.

9 (e) The city, county, or city and county that enacted the
10 ordinance authorizing the remote caller bingo game, or the Attorney
11 General, may bring an action to enjoin a violation of this section.

12 (f) No minors shall be allowed to participate in any remote caller
13 bingo game.

14 (g) A remote caller bingo game shall not include any site that
15 is not located within this state.

16 (h) An organization authorized to conduct a remote caller bingo
17 game pursuant to subdivision (b) shall conduct the game only on
18 property that is owned or leased by the organization, or the use of
19 which is donated to the organization. Nothing in this subdivision
20 shall be construed to require that the property that is owned or
21 leased by, or the use of which is donated to, the organization be
22 used or leased exclusively by, or donated exclusively to, that
23 organization.

24 (i) (1) All remote caller bingo games shall be open to the public,
25 not just to the members of the authorized organization.

26 (2) No more than 750 players may participate in a remote caller
27 bingo game in a single location.

28 (3) If the Governor of California or the President of the United
29 States declares a state of emergency in response to a natural disaster
30 or other public catastrophe occurring in California, an organization
31 authorized to conduct remote caller bingo games may, while that
32 declaration is in effect, conduct a remote caller bingo game
33 pursuant to this section with more than 750 participants in a single
34 venue if the net proceeds of the game, after deduction of prizes
35 and overhead expenses, are donated to or expended exclusively
36 for the relief of the victims of the disaster or catastrophe, and the
37 organization gives the local licensing entity at least 10 days' written
38 notice of the intent to conduct that game.

39 (4) An organization authorized to conduct remote caller bingo
40 games shall provide the local licensing entity with at least 10 days'

1 advance written notice of its intent to conduct a remote caller bingo
2 game. That notice shall be on a form prescribed by the local
3 licensing entity. If the location of the remote caller bingo game
4 changes, the organization shall provide the local licensing entity
5 notice by e-mail, telephone, or ~~fax facsimile~~ within 24 hours of
6 the change of location.

7 (j) (1) An organization eligible to conduct a remote caller bingo
8 game pursuant to subdivision (b) shall register annually with the
9 ~~department~~ *commission* in order to conduct remote caller bingo
10 games pursuant to this section. The ~~department~~ *commission* shall
11 ~~create, by regulation, and~~ provide to eligible nonprofit
12 organizations, upon request, a registration form. The ~~department~~
13 *commission* also shall post the registration form on its Internet
14 Web site. Only the information necessary for the ~~department~~
15 *commission* to implement this section shall be required for
16 completion of the registration form, including, but not limited to,
17 all of the following relative to the eligible organization:

18 (A) Name and address of the organization, and a mode of
19 contract, such as a telephone number, for the organization that
20 members of the public and government agencies may use during
21 normal business hours to obtain information about the
22 organization's finances and activities. The telephone number of
23 an official of the organization who can provide that information
24 may be used.

25 (B) Federal tax identification number, corporate number issued
26 by the Secretary of State, organization number issued by the
27 Franchise Tax Board, or California charitable trust identification
28 number.

29 (C) Name and title of a responsible fiduciary of the organization.

30 (2) The ~~department~~ *commission* shall maintain a registry on its
31 Internet Web site of all organizations registered to conduct remote
32 caller bingo pursuant to this section. Prior to issuing a license
33 pursuant to a local ordinance, the local licensing entity shall
34 confirm that an organization applying to operate a remote caller
35 bingo game is registered and in good standing according to the
36 registry available on the ~~department's~~ *commission's* Internet Web
37 site.

38 (3) The ~~department~~ *commission* may require an eligible
39 organization to pay an annual registration fee of one hundred
40 dollars (\$100) to cover the actual costs of the ~~department~~

1 *commission* to administer and enforce this section. The ~~department~~
2 *commission* may, by regulation, adjust the annual registration fee
3 as needed to ensure that revenues will fully offset, but not exceed,
4 the actual costs incurred by the ~~department~~ *commission* pursuant
5 to this section. Fee revenues shall be deposited by the department
6 into the California Bingo Fund.

7 (4) The ~~department~~ shall *commission* may adopt regulations to
8 implement this section. The initial adoption, amendment, or repeal
9 of a regulation authorized by this section is deemed to address an
10 emergency, for purposes of Sections 11346.1 and 11349.6 of the
11 Government Code, and the ~~department~~ *commission* is hereby
12 exempted for that purpose from the requirements of subdivision
13 (b) of Section 11346.1 of the Government Code. After the initial
14 adoption, amendment, or repeal of an emergency regulation
15 pursuant to this section, the ~~department~~ *commission* may request
16 approval from the Office of Administrative Law to readopt the
17 regulation as an emergency regulation pursuant to Section 11346.1
18 of the Government Code.

19 (5) The department shall have concurrent jurisdiction with local
20 law enforcement agencies to enforce this section.

21 (k) (1) A remote caller bingo game shall be operated and staffed
22 only by members of the authorized organization that organized it.
23 Those members shall not receive a profit, wage, or salary from
24 any remote caller bingo game. Only the organization authorized
25 to conduct a remote caller bingo game shall operate that game, or
26 participate in the promotion, supervision, or any other phase of a
27 remote caller bingo game. Subject to subdivision (m), this
28 subdivision shall not preclude the employment of administrative,
29 managerial, technical, financial, or security personnel who are not
30 members of the authorized organization at a location participating
31 in the remote caller bingo game by the organization conducting
32 the game. Notwithstanding any other law, exclusive or other
33 agreements between the authorized organization and other entities
34 or persons to provide services in the administration, management,
35 or conduct of the game shall not be considered a violation of the
36 prohibition against holding a legally cognizable financial interest
37 in the conduct of the remote caller bingo game by persons or
38 entities other than the charitable organization, or other entity
39 authorized to conduct the remote caller bingo games. Fees to be
40 paid under those agreements shall be reasonable and shall not be

1 determined as a percentage of receipts or other revenues from, or
2 be dependent on the outcome of, the game.

3 (2) An authorized organization may contract with a management
4 company to provide business services, including, but not limited
5 to, game accounting and bingo game consulting, including
6 operations of broadcasting and telecasting assistance. An authorized
7 organization that contracts with a management company shall do
8 all of the following:

9 (A) Indicate on the application to conduct remote caller bingo
10 games that is submitted to the local licensing entity that it has
11 contracted with a management company. The authorized
12 organization shall notify the local licensing entity in writing if it
13 contracts with a management company subsequent to the
14 submission of its application to the local licensing entity.

15 (B) Ensure that the management company has a business license
16 and request a live scan background check for each employee or
17 consultant that has a 10 percent or greater ownership interest in
18 any management company.

19 (C) Maintain on file the name, address, and contact numbers of
20 the management company, and provide that information to the
21 department upon request.

22 (3) A management company that is retained by an authorized
23 organization to manage a remote caller bingo game shall file all
24 of the following with the ~~department~~ *commission*:

25 (A) The legal name of the management company and the address
26 of record of the agent upon whom legal notice may be served.

27 (B) The physical locations of the caller and each of the remote
28 sites at which remote caller bingo is played.

29 (C) The names of any site managers employed by the
30 management company.

31 (D) A copy of the local ordinance for each remote site at which
32 remote caller bingo is played.

33 (4) The live, physical calling and broadcast of a remote caller
34 bingo game shall be conducted from a jurisdiction that authorizes
35 by local ordinance the conduct of remote caller bingo games.

36 (5) Any person who knowingly violates paragraph (3) by
37 providing false information shall be subject to a civil penalty in
38 the amount of five thousand dollars (\$5,000). An action for a civil
39 penalty may be brought by any public prosecutor.

1 (6) An organization that conducts a remote caller bingo game
2 shall designate a person as having fiduciary responsibility for the
3 game.

4 (l) No individual, corporation, partnership, or other legal entity,
5 except the organization authorized to conduct or participate in a
6 remote caller bingo game, shall hold a legally cognizable financial
7 interest in the conduct of that game.

8 (m) An organization authorized to conduct a remote caller bingo
9 game pursuant to this section shall not have overhead costs
10 exceeding 20 percent of gross sales, except that the limitations of
11 this section shall not apply to one-time, nonrecurring capital
12 acquisitions. For purposes of this subdivision, “overhead costs”
13 includes, but is not limited to, amounts paid for rent and equipment
14 leasing and the reasonable fees authorized to be paid to
15 administrative, managerial, technical, financial, and security
16 personnel employed by the organization pursuant to subdivision
17 (d). For the purpose of keeping its overhead costs below 20 percent
18 of gross sales, an authorized organization may elect to deduct all
19 or a portion of the fees paid to financial institutions for the use and
20 processing of credit card sales from the amount of gross revenues
21 awarded for prizes. In that case, the redirected fees for the use and
22 processing of credit card sales shall not be included in “overhead
23 costs” as defined in the California Remote Caller Bingo Act.
24 Additionally, fees paid to financial institutions for the use and
25 processing of credit card sales shall not be deducted from the
26 proceeds retained by the charitable organization.

27 (n) No person shall be allowed to participate in a remote caller
28 bingo game unless the person is physically present at the time and
29 place where the remote caller bingo game is being conducted. A
30 person shall be deemed to be physically present at the place where
31 the remote caller bingo game is being conducted if he or she is
32 present at any of the locations participating in the remote caller
33 bingo game in accordance with this section.

34 (o) (1) An organization shall not cosponsor a remote caller
35 bingo game with one or more other organizations unless all of the
36 cosponsors are affiliated under the master charter or articles and
37 bylaws of a single organization involved in the same type of
38 activity.

39 (2) Notwithstanding paragraph (1), a maximum of 10
40 unaffiliated organizations described in paragraph (1) of subdivision

1 (b) may enter into an agreement to cosponsor a remote caller *bingo*
2 game, but that game shall have not more than 10 locations.

3 (3) An organization shall not conduct remote caller bingo more
4 than two days per week, except that an organization may hold one
5 additional game, at its election, in each calendar quarter.

6 (p) The value of prizes awarded during the conduct of any
7 remote caller bingo game shall not exceed 37 percent of the gross
8 receipts for that game. When an authorized organization elects to
9 deduct fees paid for the use and processing of credit card sales
10 from the amount of gross revenues for that game awarded for
11 prizes, the maximum amount of gross revenues that may be
12 awarded for prizes shall not exceed 37 percent of the gross receipts
13 for that game, less the amount of redirected fees paid for the use
14 and processing of credit card sales. Every remote caller bingo game
15 shall be played until a winner is declared. Progressive prizes are
16 prohibited. The declared winner of a remote caller bingo game
17 shall provide his or her identifying information and a mailing
18 address to a representative of the organization. Prizes shall be paid
19 only by check; no cash prizes shall be paid. The organization
20 conducting the remote caller bingo game may issue a check to the
21 winner at the time of the game, or may send a check to the declared
22 winner by United States Postal Service. All prize money exceeding
23 state and federal exemption limits on prize money shall be subject
24 to income tax reporting and withholding requirements under
25 applicable state and federal laws and regulations and those reports
26 and withholding shall be forwarded, within 10 business days, to
27 the appropriate state or federal agency on behalf of the winner. A
28 report shall accompany the amount withheld identifying the person
29 on whose behalf the money is being sent. Any game interrupted
30 by a transmission failure, electrical outage, or act of God shall be
31 considered void in the location that was affected. A refund for a
32 canceled game or games shall be provided to the purchasers.

33 (q) (1) A licensed organization, or a management company
34 contracted with a licensed organization, shall register all of its
35 local bingo licenses with the ~~department~~ *commission*. This
36 information shall be made available to the public upon request.

37 (2) The ~~department~~ *commission* may charge an annual filing
38 fee of two hundred dollars (\$200) to be used to cover the actual
39 costs to administer and enforce the registration requirement

1 described in paragraph (1). Fee revenues shall be deposited by the
2 department *commission* into the California Bingo Fund.

3 (r) (1) If the local licensing entity requests a background check
4 from the department of any person required to be licensed pursuant
5 to the applicable local ordinance, it shall submit to the department
6 fingerprint images and related information required by the
7 department for the purpose of obtaining information as to the
8 existence and content of a record of state and federal convictions
9 and arrests, including state or federal arrests for which the
10 department establishes that the person is free on bail or on his or
11 her own recognizance pending trial or appeal.

12 (2) Upon receipt, the department shall forward requests for
13 federal summary criminal history information pursuant to this
14 section to the Federal Bureau of Investigation. The department
15 shall review the information returned from the Federal Bureau of
16 Investigation and compile and disseminate a response to the local
17 licensing entity.

18 (3) The department shall provide a state or federal level response
19 to the local licensing entity pursuant to paragraph (1) of subdivision
20 (p) of Section 11105.

21 (4) The local licensing entity shall request from the department
22 subsequent arrest notification service, as provided pursuant to
23 Section 11105.2, for persons described in paragraph (1).

24 (5) The department shall charge a fee sufficient to cover the
25 cost of processing requests pursuant to this subdivision.

26 (6) (A) Fees and revenue collected pursuant to this subdivision
27 shall be deposited in the California Bingo Fund, which is hereby
28 created in the State Treasury. The funds deposited in the California
29 Bingo Fund shall be available, upon appropriation by the
30 Legislature, for expenditure by *the commission and* the department
31 exclusively for the support of *the commission and* the department
32 in carrying out ~~its~~ *their* duties and responsibilities under this
33 section.

34 (B) A loan is hereby authorized from the Gambling Control
35 Fund to the California Bingo Fund on or after January 1, 2009, in
36 an amount of up to five hundred thousand dollars (\$500,000) to
37 fund operating, personnel, and other startup costs incurred by the
38 commission relating to this act. Funds from the California Bingo
39 Fund shall be available to the commission upon appropriation by

1 the Legislature in the annual Budget Act. The loan shall be subject
2 to all of the following conditions:

3 (i) The loan shall be repaid to the Gambling Control Fund as
4 soon as there is sufficient money in the California Bingo Fund to
5 repay the amount loaned.

6 (ii) Interest on the loan shall be paid from the California Bingo
7 Fund at the rate accruing to moneys in the Pooled Money
8 Investment Account.

9 (iii) The terms and conditions of the loan are approved, prior
10 to the transfer of funds, by the Department of Finance pursuant to
11 appropriate fiscal standards.

12 (s) An organization that conducts remote caller bingo games
13 shall retain records in connection with the remote caller bingo
14 game for five years.

15 (t) The local licensing entity shall monitor operation of the
16 transmission and other equipment used for remote caller bingo,
17 and monitor the game.

18 (u) (1) As used in this section, “remote caller bingo game”
19 means a game of bingo, as defined in subdivision (o) of Section
20 326.5, in which the numbers or symbols on randomly drawn plastic
21 balls are announced by a natural person present at the site at which
22 the live game is conducted, and the organization conducting the
23 bingo game uses audio and video technology to link any of its
24 in-state facilities for the purpose of transmitting the remote calling
25 of a live bingo game from a single location to multiple locations
26 owned, leased, or rented by that organization, or as described in
27 subdivision (o) of this section. The audio or video technology used
28 to link the facilities may include cable, Internet, satellite,
29 broadband, or telephone technology, or any other means of
30 electronic transmission that ensures the secure, accurate, and
31 simultaneous transmission of the announcement of numbers or
32 symbols in the game from the location at which the game is called
33 by a natural person to the remote location or locations at which
34 players may participate in the game. The drawing of each ball
35 bearing a number or symbol by the natural person calling the game
36 shall be visible to all players as the ball is drawn, including through
37 a simultaneous live video feed at remote locations at which players
38 may participate in the game.

39 (2) Remote caller bingo games shall be played using traditional
40 paper or other tangible bingo cards and daubers, and shall not be

1 played by using electronic devices, except card-minding devices,
2 as described in paragraph (1) of subdivision (p) of Section 326.5.

3 (v) A location shall not be eligible to participate in a remote
4 caller bingo game if bingo games are conducted at that location
5 in violation of Section 326.5, including, but not limited to, a
6 location at which unlawful electronic devices are used.

7 (w) (1) The ~~department~~ *commission* may audit the books and
8 records of a licensed organization or a management company
9 contracted by a licensed organization to conduct remote caller
10 bingo at any time and may charge a fee for the audit sufficient to
11 cover the costs of performing the audit. An audit shall be contingent
12 upon the Legislature appropriating funds for this purpose. Any
13 information collected in the course of an audit shall be made
14 available to the public upon request.

15 (2) A management company contracted with a licensed
16 organization shall retain an independent California certified public
17 accountant to conduct an annual audit of its books and records.
18 The results of the audit shall be submitted to the ~~department~~
19 *commission* within 120 days after the close of the management
20 company's fiscal year.

21 (x) (1) The provisions of this section are severable. If any
22 provision of this section or its application is held invalid, that
23 invalidity shall not affect other provisions or applications that can
24 be given effect without the invalid provision or application.

25 (2) Notwithstanding paragraph (1), if paragraph (1) or (2) of
26 subdivision (u), or the application of either of those provisions, is
27 held invalid, this entire section shall be invalid.

28 (y) The following definitions apply for purposes of this section:

29 (1) "Commission" means the California Gambling Control
30 Commission.

31 (2) "Department" means the Department of Justice.

32 (3) "Local licensing entity" means the city, county, or city and
33 county.

34 (4) "Management company" means any person or business
35 organization retained by the licensed organization to install
36 equipment necessary to the electronic transmission of remote caller
37 bingo to locations in addition to the site where the game is being
38 called. "Management company" also means any person or business
39 organization retained by the licensed organization to operate the
40 electronic transmission of the remote caller bingo game to any or

1 all remote sites in addition to the site from which the game is being
2 called.

3 (5) “Organization” means the principal organization that the
4 cosponsors are affiliated with. All cosponsors shall be considered
5 part of the organization with one person serving as the fiduciary
6 for the organization and all affiliated cosponsors.

7 (6) “Person” includes a natural person, corporation, limited
8 liability company, partnership, trust, joint venture, association, or
9 any other business organization.

10 SEC. 4. Section 326.5 of the Penal Code is amended to read:

11 326.5. (a) Neither the prohibition on gambling in this chapter
12 nor in Chapter 10 (commencing with Section 330) applies to any
13 bingo game that is conducted in a city, county, or city and county
14 pursuant to an ordinance enacted under Section 19 of Article IV
15 of the California Constitution, if the ordinance allows games to be
16 conducted only in accordance with this section, and only by
17 organizations exempted from the payment of the bank and
18 corporation tax by Sections 23701a, 23701b, 23701d, 23701e,
19 23701f, 23701g, 23701k, 23701l, and 23701w of the Revenue and
20 Taxation Code, and by mobilehome park associations, senior
21 citizens organizations, and charitable organizations affiliated with
22 a school district; and if the receipts of those games are used only
23 for charitable purposes. The ordinance may be amended by
24 resolution of the governing body of the city, county, or city and
25 county to allow a remote caller bingo game to be played or
26 conducted in accordance with the requirements of Section 326.3.

27 (b) It is a misdemeanor for any person to receive or pay a profit,
28 wage, or salary from any bingo game authorized by Section 19 of
29 Article IV of the California Constitution. Security personnel
30 employed by the organization conducting the bingo game may be
31 paid from the revenues of bingo games, as provided in subdivisions
32 (j) and (k).

33 (c) A violation of subdivision (b) shall be punishable by a fine
34 not to exceed ten thousand dollars (\$10,000), which fine is
35 deposited in the general fund of the city, county, or city and county
36 that enacted the ordinance authorizing the bingo game. A violation
37 of any provision of this section, other than subdivision (b), is a
38 misdemeanor.

1 (d) The city, county, or city and county that enacted the
2 ordinance authorizing the bingo game may bring an action to enjoin
3 a violation of this section.

4 (e) No minors shall be allowed to participate in any bingo game.

5 (f) An organization authorized to conduct bingo games pursuant
6 to subdivision (a) shall conduct a bingo game only on property
7 owned or leased by it, or property whose use is donated to the
8 organization, and which property is used by that organization for
9 an office or for performance of the purposes for which the
10 organization is organized. Nothing in this subdivision shall be
11 construed to require that the property owned or leased by, or whose
12 use is donated to, the organization be used or leased exclusively
13 by, or donated exclusively to, that organization.

14 (g) All bingo games shall be open to the public, not just to the
15 members of the authorized organization.

16 (h) A bingo game shall be operated and staffed only by members
17 of the authorized organization that organized it. Those members
18 shall not receive a profit, wage, or salary from any bingo game.
19 Only the organization authorized to conduct a bingo game shall
20 operate such a game, or participate in the promotion, supervision,
21 or any other phase of a bingo game. This subdivision does not
22 preclude the employment of security personnel who are not
23 members of the authorized organization at a bingo game by the
24 organization conducting the game.

25 (i) No individual, corporation, partnership, or other legal entity,
26 except the organization authorized to conduct a bingo game, shall
27 hold a financial interest in the conduct of a bingo game.

28 (j) With respect to organizations exempt from payment of the
29 bank and corporation tax by Section 23701d of the Revenue and
30 Taxation Code, all profits derived from a bingo game shall be kept
31 in a special fund or account and shall not be commingled with any
32 other fund or account. Those profits shall be used only for
33 charitable purposes.

34 (k) With respect to other organizations authorized to conduct
35 bingo games pursuant to this section, all proceeds derived from a
36 bingo game shall be kept in a special fund or account and shall not
37 be commingled with any other fund or account. Proceeds are the
38 receipts of bingo games conducted by organizations not within
39 subdivision (j). Those proceeds shall be used only for charitable
40 purposes, except as follows:

1 (1) The proceeds may be used for prizes.

2 (2) (A) Except as provided in subparagraph (B), a portion of
3 the proceeds, not to exceed 20 percent of the proceeds before the
4 deduction for prizes, or two thousand dollars (\$2,000) per month,
5 whichever is less, may be used for the rental of property and for
6 overhead, including the purchase of bingo equipment,
7 administrative expenses, security equipment, and security
8 personnel.

9 (B) For the purposes of bingo games conducted by the Lake
10 Elsinore Elks Lodge, a portion of the proceeds, not to exceed 20
11 percent of the proceeds before the deduction for prizes, or three
12 thousand dollars (\$3,000) per month, whichever is less, may be
13 used for the rental of property and for overhead, including the
14 purchase of bingo equipment, administrative expenses, security
15 equipment, and security personnel. Any amount of the proceeds
16 that is additional to that permitted under subparagraph (A), up to
17 one thousand dollars (\$1,000), shall be used for the purpose of
18 financing the rebuilding of the facility and the replacement of
19 equipment that was destroyed by fire in 2007. The exception to
20 subparagraph (A) that is provided by this subparagraph shall remain
21 in effect only until the cost of rebuilding the facility is repaid, or
22 January 1, 2019, whichever occurs first.

23 (3) The proceeds may be used to pay license fees.

24 (4) A city, county, or city and county that enacts an ordinance
25 permitting bingo games may specify in the ordinance that if the
26 monthly gross receipts from bingo games of an organization within
27 this subdivision exceed five thousand dollars (\$5,000), a minimum
28 percentage of the proceeds shall be used only for charitable
29 purposes not relating to the conducting of bingo games and that
30 the balance shall be used for prizes, rental of property, overhead,
31 administrative expenses, and payment of license fees. The amount
32 of proceeds used for rental of property, overhead, and
33 administrative expenses is subject to the limitations specified in
34 paragraph (2).

35 (l) (1) A city, county, or city and county may impose a license
36 fee on each organization that it authorizes to conduct bingo games.
37 The fee, whether for the initial license or renewal, shall not exceed
38 fifty dollars (\$50) annually, except as provided in paragraph (2).
39 If an application for a license is denied, one-half of any license
40 fee paid shall be refunded to the organization.

1 (2) In lieu of the license fee permitted under paragraph (1), a
2 city, county, or city and county may impose a license fee of fifty
3 dollars (\$50) paid upon application. If an application for a license
4 is denied, one-half of the application fee shall be refunded to the
5 organization. An additional fee for law enforcement and public
6 safety costs incurred by the city, county, or city and county that
7 are directly related to bingo activities may be imposed and shall
8 be collected monthly by the city, county, or city and county issuing
9 the license; however, the fee shall not exceed the actual costs
10 incurred in providing the service.

11 (m) No person shall be allowed to participate in a bingo game,
12 unless the person is physically present at the time and place where
13 the bingo game is being conducted.

14 (n) The total value of prizes available to be awarded during the
15 conduct of any bingo games shall not exceed five hundred dollars
16 (\$500) in cash or kind, or both, for each separate game which is
17 held.

18 (o) As used in this section, “bingo” means a game of chance in
19 which prizes are awarded on the basis of designated numbers or
20 symbols that are marked or covered by the player on a tangible
21 card in the player’s possession and that conform to numbers or
22 symbols, selected at random and announced by a live caller.
23 Notwithstanding Section 330c, as used in this section, the game
24 of bingo includes tangible cards having numbers or symbols that
25 are concealed and preprinted in a manner providing for distribution
26 of prizes. Electronics or video displays shall not be used in
27 connection with the game of bingo, except in connection with the
28 caller’s drawing of numbers or symbols and the public display of
29 that drawing, and except as provided in subdivision (p). The
30 winning cards shall not be known prior to the game by any person
31 participating in the playing or operation of the bingo game. All
32 preprinted cards shall bear the legend, “for sale or use only in a
33 bingo game authorized under California law and pursuant to local
34 ordinance.” Only a covered or marked tangible card possessed by
35 a player and presented to an attendant may be used to claim a prize.
36 It is the intention of the Legislature that bingo as defined in this
37 subdivision applies exclusively to this section and shall not be
38 applied in the construction or enforcement of any other provision
39 of law.

1 (p) (1) Players who are physically present at a bingo game may
2 use hand-held, portable card-minding devices, as described in this
3 subdivision, to assist in monitoring the numbers or symbols
4 announced by a live caller as those numbers or symbols are called
5 in a live game. Card-minding devices may not be used in
6 connection with any game where a bingo card may be sold or
7 distributed after the start of the ball draw for that game. A
8 card-minding device shall do all of the following:

9 (A) Be capable of storing in the memory of the device bingo
10 faces of tangible cards purchased by a player.

11 (B) Provide a means for bingo players to input manually each
12 individual number or symbol announced by a live caller.

13 (C) Compare the numbers or symbols entered by the player to
14 the bingo faces previously stored in the memory of the device.

15 (D) Identify winning bingo patterns that exist on the stored
16 bingo faces.

17 (2) A card-minding device shall perform no functions involving
18 the play of the game other than those described in paragraph (1).
19 Card-minding devices shall not do any of the following:

20 (A) Be capable of accepting or dispensing any coins, currency,
21 or other representative of value or on which value has been
22 encoded.

23 (B) Be capable of monitoring any bingo card face other than
24 the faces of the tangible bingo card or cards purchased by the
25 player for that game.

26 (C) Display or represent the game result through any means,
27 including, but not limited to, video or mechanical reels or other
28 slot machine or casino game themes, other than highlighting the
29 winning numbers or symbols marked or covered on the tangible
30 bingo cards or giving an audio alert that the player's card has a
31 prize-winning pattern.

32 (D) Determine the outcome of any game or be physically or
33 electronically connected to any component that determines the
34 outcome of a game or to any other bingo equipment, including,
35 but not limited to, the ball call station, or to any other card-minding
36 device. No other player-operated or player-activated electronic or
37 electromechanical device or equipment is permitted to be used in
38 connection with a bingo game.

39 SEC. 5. No reimbursement is required by this act pursuant to
40 Section 6 of Article XIII B of the California Constitution because

1 the only costs that may be incurred by a local agency or school
2 district will be incurred because this act creates a new crime or
3 infraction, eliminates a crime or infraction, or changes the penalty
4 for a crime or infraction, within the meaning of Section 17556 of
5 the Government Code, or changes the definition of a crime within
6 the meaning of Section 6 of Article XIII B of the California
7 Constitution.

8 SEC. 6. This act is an urgency statute necessary for the
9 immediate preservation of the public peace, health, or safety within
10 the meaning of Article IV of the Constitution and shall go into
11 immediate effect. The facts constituting the necessity are:

12 The California Gambling Control Commission's funding
13 authority for the remote caller bingo program, which is a loan from
14 the Gambling Control Fund, and limited-term positions expired
15 on June 30, 2011. Without that funding authority and those
16 positions, the commission cannot perform work related to the
17 remote caller bingo program after June 30, 2011. In order to
18 provide continuity for charitable organizations that are conducting
19 remote caller bingo at the earliest possible time, it is necessary
20 that this act take effect immediately.