

Introduced by Senator Lara

February 27, 2015

An act to amend Section 19880 of the Business and Professions Code, relating to gambling.

LEGISLATIVE COUNSEL'S DIGEST

SB 777, as introduced, Lara. Gambling Control Act: corporations.

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 and the investigation and enforcement of those activities and establishments by the Department of Justice. Existing law requires a corporation to comply with specified requirements in order to obtain a gambling license, including a requirement that the corporation register as a corporation with the department and supply specified supplemental information to the department.

This bill would make technical, nonsubstantive changes to that provision.

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

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

- 1 SECTION 1. Section 19880 of the Business and Professions
- 2 Code is amended to read:
- 3 19880. In addition to the requirements of Section 19852, in
- 4 order to be eligible to receive a gambling license as the owner of
- 5 a gambling enterprise, a corporation shall comply with all of the
- 6 following requirements:

- 1 (a) Maintain an office of the corporation in the gambling
2 establishment.
- 3 (b) Comply with all of the requirements of the laws of this state
4 pertaining to corporations.
- 5 (c) Maintain, in the corporation's principal office in California
6 or in the gambling establishment, a ledger that meets both of the
7 following conditions:
- 8 (1) At all times reflects the ownership of record of every class
9 of security issued by the corporation.
- 10 (2) Is available for inspection by the department at all reasonable
11 times without notice.
- 12 (d) Supply supplemental forms and information, in accordance
13 with Section 19865, with the initial license application, and
14 thereafter only on request, to the department, which shall include,
15 but not be limited to, all of the following:
- 16 (1) The organization, financial structure, and nature of the
17 business to be operated, including the names, personal and criminal
18 history, and fingerprints of all officers and directors, and the names,
19 addresses, and number of shares held by all stockholders of record.
- 20 (2) The rights and privileges acquired by the holders of different
21 classes of authorized securities, including debentures.
- 22 (3) The terms on which securities are to be offered.
- 23 (4) The terms and conditions on all outstanding loans,
24 mortgages, trust deeds, pledges, or any other indebtedness or
25 security interest.
- 26 (5) The extent of the equity security holdings in the corporation
27 of all officers, directors, and underwriters, and their remuneration
28 as compensation for services, in the form of salary, wages, fees,
29 or otherwise.
- 30 (6) The amount of remuneration to persons other than directors
31 and officers in excess of one hundred thousand dollars (\$100,000)
32 per annum.
- 33 (7) Bonus and profit-sharing arrangements.
- 34 (8) Management, consultant, and service contracts related to
35 the operation of controlled gaming.
- 36 (9) Options existing, or to be created, in respect of their
37 securities or other interests.
- 38 (10) Financial statements for at least three fiscal years preceding
39 the year of registration, or, if the corporation has not been in
40 existence for a period of three years, financial statements from the

1 date of its formation. All financial statements shall be prepared in
2 accordance with generally accepted accounting principles and
3 audited by a licensee of the California Board of Accountancy.

4 (11) Any further financial data that the department, with the
5 approval of the commission, may deem necessary or appropriate
6 for the protection of the state.

7 (12) An annual profit-and-loss statement ~~and~~, an annual balance
8 sheet, and a copy of its annual federal income tax return, within
9 30 calendar days after that return is filed with the Internal Revenue
10 Service.

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