

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 amended, 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. *information to the department with the application and upon request of the department, such as remuneration as compensation for services to specified individuals and the amount of remuneration to persons other than directors and officers in excess of \$100,000. Existing law also requires that information to include a copy of the corporation's annual federal income tax return, within 30 calendar days after that return is filed with the Internal Revenue Service.*

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

This bill would specify that information on the extent of the remuneration as compensation for services of specified individuals includes bonuses. The bill would require supplying information on the

amount of remuneration to persons other than directors and officers in excess of \$95,000. The bill would also require the corporation to supply in its information a copy of its annual federal income tax return within 30 business days after that return is filed.

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:
7 (a) Maintain an office of the corporation in the gambling
8 establishment.
9 (b) Comply with all of the requirements of the laws of this state
10 pertaining to corporations.
11 (c) Maintain, in the corporation's principal office in California
12 or in the gambling establishment, a ledger that meets both of the
13 following conditions:
14 (1) At all times reflects the ownership of record of every class
15 of security issued by the corporation.
16 (2) Is available for inspection by the department at all reasonable
17 times without notice.
18 (d) Supply supplemental forms and information, in accordance
19 with Section 19865, with the initial license application, and
20 thereafter only on request, to the department, which shall include,
21 but not be limited to, all of the following:
22 (1) The organization, financial structure, and nature of the
23 business to be operated, including the names, personal and criminal
24 history, and fingerprints of all officers and directors, and the names,
25 addresses, and number of shares held by all stockholders of record.
26 (2) The rights and privileges acquired by the holders of different
27 classes of authorized securities, including debentures.
28 (3) The terms *and conditions* on which securities are to be
29 offered.

1 (4) The terms and conditions on all outstanding loans,
2 mortgages, trust deeds, pledges, or any other indebtedness or
3 security interest.

4 (5) The extent of the equity security holdings in the corporation
5 of all officers, directors, and underwriters, and their remuneration
6 as compensation for services, in the form of salary, wages, fees,
7 *bonuses*, or otherwise.

8 (6) The amount of remuneration to persons other than directors
9 and officers in excess of ~~one hundred thousand dollars (\$100,000)~~
10 *ninety-five thousand dollars (\$95,000)* per annum.

11 (7) Bonus and profit-sharing arrangements.

12 (8) Management, consultant, and service contracts related to
13 the operation of controlled gaming.

14 (9) Options existing, or to be created, in respect of their
15 securities or other interests.

16 (10) Financial statements for at least three fiscal years preceding
17 the year of registration, or, if the corporation has not been in
18 existence for a period of three years, financial statements from the
19 date of its formation. All financial statements shall be prepared in
20 accordance with generally accepted accounting principles and
21 audited by a licensee of the California Board of Accountancy.

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

25 (12) An annual profit-and-loss statement, an annual balance
26 sheet, and a copy of its annual federal income tax return, within
27 ~~30 calendar~~ *business* days after that return is filed with the Internal
28 Revenue Service.