

AMENDED IN ASSEMBLY AUGUST 4, 2016

AMENDED IN SENATE APRIL 6, 2015

**SENATE BILL**

**No. 777**

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**Introduced by Senator Lara**

February 27, 2015

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~~An act to amend Section 19880 of the Business and Professions Code, relating to gambling.~~ *An act to amend Section 22050 of the Financial Code, relating to finance lenders.*

LEGISLATIVE COUNSEL'S DIGEST

SB 777, as amended, Lara. ~~Gambling Control Act: corporations.~~ *The California Finance Lenders Law: application.*

*Existing law, the California Finance Lenders Law, provides for the licensure and regulation of finance lenders and brokers. Existing law exempts from its provisions, among others, persons making 5 or fewer commercial loans in a 12-month period if the loans are incidental to the business of the person relying upon the exemption.*

*This bill would also exempt a person who makes one commercial loan in a 12-month period from regulation pursuant to the California Finance Lenders Law.*

~~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 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 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~~ yes.  
State-mandated local program: no.

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

- 1     SECTION 1. Section 22050 of the Financial Code is amended  
2     to read:  
3     22050. (a) This division does not apply to any person doing  
4     business under any law of any state or of the United States relating  
5     to banks, trust companies, savings and loan associations, insurance  
6     premium finance agencies, credit unions, small business investment  
7     companies, community advantage lenders, California business and  
8     industrial development corporations when acting under federal  
9     law or other state authority, or licensed pawnbrokers when acting  
10    under the authority of that license.  
11    “Community advantage lender” means an entity authorized by  
12    the United States Small Business Administration to deliver  
13    community advantage loans.  
14    (b) This division does not apply to a check casher who holds a  
15    valid permit issued pursuant to Section 1789.37 of the Civil Code  
16    when acting under the authority of that permit, and shall not apply  
17    to a person holding a valid license issued pursuant to Section 23005  
18    of the Financial Code when acting under the authority of that  
19    license.  
20    (c) This division does not apply to a college or university making  
21    a loan for the purpose of permitting a person to pursue a program  
22    or course of study leading to a degree or certificate.

1 (d) This division does not apply to a broker-dealer acting  
2 pursuant to a certificate then in effect and issued pursuant to  
3 Section 25211 of the Corporations Code.

4 (e) This division does not apply to any person who makes five  
5 or fewer loans in a 12-month period, these loans are commercial  
6 loans as defined in Section 22502, and the loans are incidental to  
7 the business of the person relying upon the exemption.

8 (f) *This division does not apply to any person who makes one*  
9 *loan in a 12-month period if that loan is a commercial loan as*  
10 *defined in Section 22502.*

11 (f)

12 (g) This division does not apply to any public corporation as  
13 defined in Section 67510 of the Government Code, any public  
14 entity other than the state as defined in Section 811.2 of the  
15 Government Code, or any agency of any one or more of the  
16 foregoing, when making any loan so long as the public corporation,  
17 public entity, or agency of any one or more of the foregoing  
18 complies with all applicable federal and state laws and regulations.

19 ~~SECTION 1. Section 19880 of the Business and Professions~~  
20 ~~Code is amended to read:~~

21 ~~19880. In addition to the requirements of Section 19852, in~~  
22 ~~order to be eligible to receive a gambling license as the owner of~~  
23 ~~a gambling enterprise, a corporation shall comply with all of the~~  
24 ~~following requirements:~~

25 ~~(a) Maintain an office of the corporation in the gambling~~  
26 ~~establishment.~~

27 ~~(b) Comply with all of the requirements of the laws of this state~~  
28 ~~pertaining to corporations.~~

29 ~~(c) Maintain, in the corporation's principal office in California~~  
30 ~~or in the gambling establishment, a ledger that meets both of the~~  
31 ~~following conditions:~~

32 ~~(1) At all times reflects the ownership of record of every class~~  
33 ~~of security issued by the corporation.~~

34 ~~(2) Is available for inspection by the department at all reasonable~~  
35 ~~times without notice.~~

36 ~~(d) Supply supplemental forms and information, in accordance~~  
37 ~~with Section 19865, with the initial license application, and~~  
38 ~~thereafter only on request, to the department, which shall include,~~  
39 ~~but not be limited to, all of the following:~~

- 1     ~~(1) The organization, financial structure, and nature of the~~  
2 ~~business to be operated, including the names, personal and criminal~~  
3 ~~history, and fingerprints of all officers and directors, and the names,~~  
4 ~~addresses, and number of shares held by all stockholders of record.~~  
5     ~~(2) The rights and privileges acquired by the holders of different~~  
6 ~~classes of authorized securities, including debentures.~~  
7     ~~(3) The terms and conditions on which securities are to be~~  
8 ~~offered.~~  
9     ~~(4) The terms and conditions on all outstanding loans,~~  
10 ~~mortgages, trust deeds, pledges, or any other indebtedness or~~  
11 ~~security interest.~~  
12     ~~(5) The extent of the equity security holdings in the corporation~~  
13 ~~of all officers, directors, and underwriters, and their remuneration~~  
14 ~~as compensation for services, in the form of salary, wages, fees,~~  
15 ~~bonuses, or otherwise.~~  
16     ~~(6) The amount of remuneration to persons other than directors~~  
17 ~~and officers in excess of ninety-five thousand dollars (\$95,000)~~  
18 ~~per annum.~~  
19     ~~(7) Bonus and profit-sharing arrangements.~~  
20     ~~(8) Management, consultant, and service contracts related to~~  
21 ~~the operation of controlled gaming.~~  
22     ~~(9) Options existing, or to be created, in respect of their~~  
23 ~~securities or other interests.~~  
24     ~~(10) Financial statements for at least three fiscal years preceding~~  
25 ~~the year of registration, or, if the corporation has not been in~~  
26 ~~existence for a period of three years, financial statements from the~~  
27 ~~date of its formation. All financial statements shall be prepared in~~  
28 ~~accordance with generally accepted accounting principles and~~  
29 ~~audited by a licensee of the California Board of Accountancy.~~  
30     ~~(11) Any further financial data that the department, with the~~  
31 ~~approval of the commission, may deem necessary or appropriate~~  
32 ~~for the protection of the state.~~  
33     ~~(12) An annual profit and loss statement, an annual balance~~  
34 ~~sheet, and a copy of its annual federal income tax return, within~~  
35 ~~30 business days after that return is filed with the Internal Revenue~~  
36 ~~Service.~~