

AMENDED IN SENATE APRIL 25, 2000

AMENDED IN SENATE APRIL 6, 2000

AMENDED IN SENATE MARCH 29, 2000

AMENDED IN SENATE MARCH 23, 2000

AMENDED IN ASSEMBLY MAY 3, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 1416

Introduced by Assembly Member Wesson

February 26, 1999

~~An act to amend Sections 19800, 19805, 19818, 19834A, and 19851.5 of, to amend and renumber Sections 19814A, 19815.5A, and 19872A of, and to add Sections 19823.1, 19834.7, 19935, 19950.3, and 19980 to, the Business and Professions Code, and to amend Sections 186.9 and 337j of the Penal Code, An act to amend Sections 19805, and 19950.2 of, and to add Sections 19834.7, 19950.3, and 19980 to, the Business and Professions Code, and to add Section 330.11 to the Penal Code, relating to gambling establishments, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1416, as amended, Wesson. Gambling establishments.

(1) Existing law, the Gambling Control Act, provides for the regulation, oversight, and licensure of gambling establishments, and the owners and employees thereof, by the California Gambling Control Commission and the Division of



Gambling Control. Existing law prohibits a list of specified gambling games or any banking or percentage game played with cards, dice, or any device, for money, checks, credit, or any representative of value, and provides that any person who offers for play or participates in these games is guilty of a misdemeanor and is punishable as specified.

This bill would authorize gambling establishments to operate controlled games utilizing a player-dealer position, as defined, and to contract with a 3rd party for the provision of proposition player services subject to specified conditions and regulatory requirements.

This bill would specify that the rules of a controlled game utilizing a player-dealer position shall require that *the person occupying this position be at risk only for the amount wagered on that hand, that the player-dealer position* continuously and systematically rotate among the seated players, and—~~provide that~~ no player shall be allowed to dominate the game by occupying this position for more than 2 consecutive hands. The bill would provide that no person or entity licensed under the act shall conduct, operate, or offer for play any banked game, as defined, or allow a banked game to be conducted on the premises of any licensed gambling establishment, and that neither the house, nor any owner or *on-duty* employee of a licensed gambling establishment, shall occupy a player-dealer position in any controlled game or share or participate in the winnings or profits of any player except with respect to the payment of lawful table fees.

(2) Existing law generally requires voter approval of an amendment to a local ordinance that would result in the expansion of gambling, as defined, but exempts licensed gambling establishments with 5 or fewer tables from this restriction. Existing law also provides that until January 1, 2001, no local jurisdiction that had not authorized legal gaming prior to January 1, 1996, shall do so, and that no gaming ordinance in effect on that date may be amended to expand gaming. Existing law extends this moratorium until January 1, 2003, with respect to the Counties of Alameda, Contra Costa, Los Angeles, San Mateo, and Santa Clara.

This bill would provide that *the above restriction shall apply in all counties until December 31, 2006, and would*



additionally provide that until ~~January 1~~ December 31, 2006, neither the commission nor the division shall issue a license for a gambling establishment that was not ~~operating on January 1, 2000~~ licensed to operate on December 31, 1999, unless an application to operate that establishment was on file with the division prior to ~~January 1, 2001~~ September 1, 2000.

~~(3) Existing law provides that all licensed gambling establishments shall be open to the public, and provides that a gambling establishment that is located in a jurisdiction with an ordinance allowing only private clubs and that meets other specified criteria may be licensed to operate as a private club until July 1, 2000, or until a change in the ownership or operation of the gambling establishment changes, whichever occurs first.~~

~~This bill would instead provide that a gambling establishment meeting these criteria may be licensed to operate as a private club until there is a change in the ownership or operation, as specified, or the local jurisdiction adopts an ordinance as specified authorizing the operation of public gambling establishments. This bill would also allow the continued operation of a gambling establishment as a private club so long as there is no change in the ownership or operation of the club, if the club otherwise meets the requirements of the act and if the applicable county gambling ordinance provides for the operation of private clubs and was approved in a countywide election.~~

~~(4) Existing law generally provides that no person shall be employed as a gambling enterprise employee, as defined, unless that person holds a valid work permit issued by the applicable local jurisdiction or by the commission.~~

~~This bill would exclude maintenance workers from the definition of gambling enterprise employee, thereby allowing these persons to be employed by a gambling establishment without a work permit.~~

~~(5) Existing law requires the commission to establish and appoint a 10 member Gaming Policy Advisory Committee for the purpose of discussing matters of regulatory policy and providing nonbinding advisory recommendations to the commission.~~



~~This bill would provide that the commission shall appoint to this committee 4 representatives of controlled gambling licensees, 3 representatives of local governments with gambling establishments within their jurisdictions, one member of the general public. This bill would also provide that the Senate Committee on Rules and the Speaker of the Assembly shall each appoint one member of the general public to this committee.~~

~~(6) Existing law provides that the Gambling Control Commission succeeded to all the powers of the California Gambling Control Board, which was abolished pursuant to the occurrence of specified conditions, and that wherever reference is made to the board within the Gambling Control Act, it shall be construed to mean the commission.~~

~~This bill would amend provisions referring to the board to instead refer to the commission, thereby making a technical change. This bill would also reenact, with reference to the commission, a provision that vested the board with general authority to grant, deny, revoke, suspend, or impose conditions, restrictions, or limitations on any license, permit, or approval provided for under the Gambling Control Act. With regard to this provision, the bill would additionally provide that the commission shall have the authority to reinstate a license to own a gambling establishment, a key employee license, or any other license provided for under the act that has been revoked, suspended, or terminated, provided that the license was not revoked, suspended, or terminated by the division or commission for cause. The bill would require the commission to adopt regulations implementing this reinstatement authority.~~

~~(7) Existing law provides that the Director of the Division of Gambling Control and members of the Gambling Control Commission shall receive a specified salary.~~

~~This bill would instead apply this salary provision to members of the commission only.~~

~~(8) This bill would provide that the Gambling Control Act shall provide the exclusive means for penalizing and bringing disciplinary action against persons duly licensed or otherwise regulated by the act, notwithstanding any other provision of the Business and Professions Code, including provisions that~~



~~would otherwise apply as general business regulations, and that the administration and enforcement of the act shall be governed solely by provisions in the act and regulations and orders adopted pursuant thereto.~~

~~(9) Existing law provides that if a gambling license is denied by the commission to the individual owner of a security issued by a corporation, then the individual shall immediately offer the security to the issuing corporation for purchase, as specified.~~

~~This bill would provide that the commission may allow the corporation a period of 90 days to purchase the security if the book value or fair market value of the security exceeds \$1,000,000.~~

~~(10)~~

~~(3) Existing law provides that every person who deals, plays, carries on, opens, or conducts, or who plays or bets at or against any banking or percentage game is guilty of a misdemeanor and is punishable as specified. An existing court decision provides that a game in which the house or operator collects a fee that is calculated as a portion of wagers made or winnings earned, exclusive of charges or fees for the use of space of facilities, is a prohibited percentage game, and existing law relating to the collection of gambling establishment table fees expressly codifies this court decision.~~

This bill would provide that 'banking game' or 'banked game,' as used in the above prohibition and in the Gambling Control Act, means any game in which the gambling establishment, house, or any other individual or entity acts as a player in the game, with an interest in its outcome, and covers all bets in the game, collecting from all losers and paying all winners, as is the practice in casinos located in the States of Nevada and New Jersey. The bill would specify that 'banking game' or 'banked game' does not include a controlled game that features a player-dealer position as authorized in (1). By changing the definition of a crime, this bill would impose a state-mandated local program.

~~This bill would delete from these table fee provisions a requirement that no fee be calculated as a portion of wagers made or from winnings earned, and would instead provide that a fee collection shall not be based on a percentage of the~~



~~amount wagered, and the fee may be taken from the ante prior to the time the cards are dealt. The bill would also state that these provisions modify, rather than codify, the specified decision. This bill would also declare the Legislature's intent to effectuate the holding of a separate specified court decision with regard to minimal requirements for games utilizing a player-dealer position.~~

~~(11)~~

~~(4) This bill would provide that if any of its provisions, or the application thereof, are held invalid, that these provisions are severable from the remainder of the provisions.~~

~~(12)~~

~~(5) This bill would state findings and declarations of the Legislature, and would also make various technical changes to the act to implement these provisions, as well as technical, nonsubstantive changes, as specified. Because this bill would impose new regulatory requirements, violations of which would be punishable as misdemeanors, this bill would impose a state-mandated local program.~~

~~(13)~~

~~(6) 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.~~

~~(14)~~

~~(7) This bill would declare that it is to take effect immediately as an urgency statute.~~

~~Vote: 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. The Legislature finds and declares as
2 follows:

3 (a) In 1983 and 1984 California card clubs played
4 games with cards involving a player-dealer position in
5 which players were afforded the temporary opportunity
6 to wager against multiple players at the table where the



1 player-dealer position continuously and systematically
2 rotated among the players, prior to the amendment of
3 Section 19 of Article IV of the California Constitution by
4 the California State Lottery Act in 1984.

5 (b) The amendment to Section 19 of Article IV of the
6 Constitution declared:

7
8 “The Legislature has no power to authorize, and shall
9 prohibit casinos of the type currently operating in
10 Nevada and New Jersey.”

11
12 Casinos operating in 1983 and 1984 in the States of
13 Nevada and New Jersey did not include card games
14 featuring a player-dealer position which continuously
15 and systematically rotates among the players. In Nevada
16 and New Jersey, comparable games are banked only by
17 the house, which is a participant in the game, with an
18 interest in its outcome, and which covers all bets in the
19 game, paying all winners and collecting from all losers.

20 (c) In *Hotel Employees & Restaurant Employees v.*
21 *Davis* (1999) 21 Cal. 4th 585, the California Supreme
22 Court recently stated at page 605 that:

23
24 “...(t)he type” of casino “operating in Nevada and New
25 Jersey” presumably refers to a gambling facility that did
26 not legally operate in California; something other, that is,
27 than “the type” of casino “operating” in California.”

28 ~~SEC. 2. Section 19800 of the Business and Professions~~
29 ~~Code is amended to read:~~

30 ~~19800. This chapter, together with the following~~
31 ~~provisions of law, shall be known, and may be cited, as the~~
32 ~~“Gambling Control Act.”~~

33 ~~(a) Section 1822.60 of the Code of Civil Procedure.~~

34 ~~(b) Sections 15001, 15001.1, and 15001.2 of the~~
35 ~~Government Code.~~

36 ~~(c) Sections 186.9, 337j, and 14161 of the Penal Code.~~

37 ~~(d) Chapter 8 (commencing with Section 4369) of~~
38 ~~Part 3 of Division 4 of the Welfare and Institutions Code.~~

39 ~~SEC. 3.~~



1 SEC. 2. Section 19805 of the Business and Professions
2 Code is amended to read:

3 19805. As used in this chapter, the following
4 definitions shall apply:

5 (a) “Affiliate” means a person who, directly or
6 indirectly through one or more intermediaries, controls,
7 is controlled by, or is under common control with, a
8 specified person.

9 (b) “Applicant” means any person who has applied
10 for, or is about to apply for, a state gambling license, a key
11 employee license, a registration, a finding of suitability, a
12 work permit, a manufacturer’s or distributor’s license, or
13 an approval of any act or transaction for which the
14 approval or authorization of the commission or division is
15 required or permitted under this chapter.

16 ~~(c) “Banked game” means any game in which the~~
17 ~~gambling establishment or the house acts as a player in~~
18 ~~the game, with an interest in its outcome, and covers all~~
19 ~~bets in the game, collecting from all losers and paying all~~
20 ~~winners.~~

21 (c) “Banking game” or “banked game,” as used in this
22 chapter and in Section 330 of the Penal Code, means any
23 game in which the gambling establishment, house, or any
24 other individual or entity acts as a player in the game,
25 with an interest in its outcome, and covers all bets in the
26 game, collecting from all losers and paying all winners, as
27 is the practice in casinos located in the States of Nevada
28 and New Jersey. “Banking game” or “banked game” does
29 not include a controlled game that features a
30 player-dealer position as authorized in Section 19834.7.

31 (d) “Board” means the California Gambling Control
32 Board.

33 (e) “Commission” means the California Gambling
34 Control Commission.

35 (f) “Controlled gambling” means to deal, operate,
36 carry on, conduct, maintain, or expose for play any
37 controlled game.

38 (g) “Controlled game” means any controlled game, as
39 defined by subdivision (e) of Section 337j of the Penal
40 Code.



1 (h) “Director,” when used in connection with a
2 corporation, means any director of a corporation or any
3 person performing similar functions with respect to any
4 organization. In any other case, “director” means the
5 Director of the Division of Gambling Control.

6 (i) “Division” means the Division of Gambling
7 Control in the Department of Justice.

8 (j) “Finding of suitability” means a finding that a
9 person meets the qualification criteria described in
10 subdivisions (a) and (b) of Section 19848, and that the
11 person would not be disqualified from holding a state
12 gambling license on any of the grounds specified in
13 subdivision (a) of Section 19850.

14 (k) “Game” and “gambling game” means any
15 controlled game.

16 (l) “Gambling” means to deal, operate, carry on,
17 conduct, maintain, or expose for play any controlled
18 game.

19 (m) “Gambling enterprise employee” means any
20 natural person employed in the operation of a gambling
21 enterprise, including, without limitation, dealers,
22 floormen, security employees, countroom personnel,
23 cage personnel, collection personnel, surveillance
24 personnel, data processing personnel, appropriate
25 maintenance personnel, waiters and waitresses, and
26 secretaries, or any other natural person whose
27 employment duties require or authorize access to
28 restricted gambling establishment areas.—“Gambling
29 enterprise employee” does not include maintenance
30 personnel.

31 (n) “Gambling establishment,” “establishment,” or
32 “licensed premises” means one or more rooms where any
33 controlled gambling or activity directly related thereto
34 occurs.

35 (o) “Gambling license” or “state gambling license”
36 means any license issued by the state that authorizes the
37 person named therein to conduct a gambling operation.

38 (p) “Gambling operation” means exposing for play
39 one or more controlled games that are dealt, operated,



1 carried on, conducted, or maintained for commercial
2 gain.

3 (q) “Gross revenue” means the total of all
4 compensation received for conducting any controlled
5 game, and includes interest received in payment for
6 credit extended by an owner licensee to a patron for
7 purposes of gambling, except as provided by regulation.

8 (r) “House” means the gambling establishment, and
9 any owner, shareholder, partner, key employee, or
10 landlord thereof.

11 (s) “Independent agent,” except as provided by
12 regulation, means any person who does either of the
13 following:

14 (1) Collects debt evidenced by a credit instrument.

15 (2) Contracts with an owner licensee, or an affiliate
16 thereof, to provide services consisting of arranging
17 transportation or lodging for guests at a gambling
18 establishment.

19 (t) “Institutional investor” means any retirement
20 fund administered by a public agency for the exclusive
21 benefit of federal, state, or local public employees, any
22 investment company registered under the Investment
23 Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.), any
24 collective investment trust organized by banks under
25 Part Nine of the Rules of the Comptroller of the
26 Currency, any closed-end investment trust, any
27 chartered or licensed life insurance company or property
28 and casualty insurance company, any banking and other
29 chartered or licensed lending institution, any investment
30 advisor registered under the Investment Advisors Act of
31 1940 (15 U.S.C. Sec. 80b-1 et seq.) acting in that capacity,
32 and other persons as the board may determine for reasons
33 consistent with the policies of this chapter.

34 (u) “Key employee” means any natural person
35 employed in the operation of a gambling enterprise in a
36 supervisory capacity or empowered to make
37 discretionary decisions that regulate gambling
38 operations, including, without limitation, pit bosses, shift
39 bosses, credit executives, cashier operations supervisors,
40 gambling operation managers and assistant managers,



1 managers or supervisors of security employees, or any
2 other natural person designated as a key employee by the
3 division for reasons consistent with the policies of this
4 chapter.

5 (v) “Key employee license” means a state license
6 authorizing the holder to be associated with a gambling
7 enterprise as a key employee.

8 (w) “Licensed gambling establishment” means the
9 gambling premises encompassed by a state gambling
10 license.

11 (x) “Limited partnership” means a partnership
12 formed by two or more persons having as members one
13 or more general partners and one or more limited
14 partners.

15 (y) “Limited partnership interest” means the right of
16 a general or limited partner to any of the following:

17 (1) To receive from a limited partnership any of the
18 following:

19 (A) A share of the revenue.

20 (B) Any other compensation by way of income.

21 (C) A return of any or all of his or her contribution to
22 capital of the limited partnership.

23 (2) To exercise any of the rights provided under state
24 law.

25 (z) “Owner licensee” means an owner of a gambling
26 enterprise who holds a state gambling license.

27 (aa) “Person,” unless otherwise indicated, includes a
28 natural person, corporation, partnership, limited
29 partnership, trust, joint venture, association, or any other
30 business organization.

31 (ab) “Player” means a patron of a gambling
32 establishment who participates in a controlled game.

33 (ac) “Player-dealer” and “controlled game featuring
34 a player-dealer position” refer to a position in a controlled
35 game, as defined by the approved rules for that game, in
36 which players are afforded the temporary opportunity to
37 wager against multiple players at the same table,
38 provided that this position is continuously and
39 systematically rotated among the seated players in the
40 game. *As used in this subdivision, “continuously and*



1 *systematically rotated*” means that one player may not
2 hold the player-dealer position for more than two
3 consecutive hands.

4 (ad) “Publicly traded racing association” means a
5 corporation licensed to conduct horse racing and
6 simulcast wagering pursuant to Chapter 4 (commencing
7 with Section 19400) whose stock is publicly traded.

8 (ae) “Qualified racing association” means a
9 corporation licensed to conduct horse racing and
10 simulcast wagering pursuant to Chapter 4 (commencing
11 with Section 19400) that is a wholly owned subsidiary of
12 a corporation whose stock is publicly traded.

13 (af) “Work permit” means any card, certificate, or
14 permit issued by the division or by a county, city, or city
15 and county, whether denominated as a work permit,
16 registration card, or otherwise, authorizing the holder to
17 be employed as a gambling enterprise employee or to
18 serve as an independent agent. A document issued by any
19 governmental authority for any employment other than
20 gambling is not a valid work permit for the purposes of
21 this chapter.

22 ~~SEC. 4. Section 19814A of the Business and~~
23 ~~Professions Code is amended and renumbered to read:~~

24 ~~19814. The members of the commission shall receive~~
25 ~~the salary provided for by Section 11553.5 of the~~
26 ~~Government Code.~~

27 ~~SEC. 5. Section 19815.5A of the Business and~~
28 ~~Professions Code is amended and renumbered to read:~~

29 ~~19815.5. The commission shall establish a Gaming~~
30 ~~Policy Advisory Committee of 10 members. The~~
31 ~~commission shall appoint four representatives of~~
32 ~~controlled gambling licensees, three representatives of~~
33 ~~local governments that have gambling establishments~~
34 ~~within their jurisdictions, and one member of the general~~
35 ~~public. The Senate Committee on Rules and the Speaker~~
36 ~~of the Assembly shall each appoint one member of the~~
37 ~~general public. The executive secretary shall, from time~~
38 ~~to time, convene the committee for the purpose of~~
39 ~~discussing matters of controlled gambling regulatory~~
40 ~~policy and any other relevant gambling-related issue. The~~



1 ~~recommendations concerning gambling policy made by~~
2 ~~the committee shall be presented to the commission, but~~
3 ~~shall be deemed advisory and not binding on the~~
4 ~~commission in the performance of its duties or functions.~~

5 ~~SEC. 6. Section 19818 of the Business and Professions~~
6 ~~Code is amended to read:~~

7 ~~19818. The executive secretary of the commission~~
8 ~~may appoint no more than two attorneys as counsel to the~~
9 ~~commission. However, in lieu of representation by the~~
10 ~~attorneys appointed pursuant to this section, the~~
11 ~~commission may request representation by the Attorney~~
12 ~~General in any proceeding before any court.~~

13 ~~SEC. 7. Section 19823.1 is added to the Business and~~
14 ~~Professions Code, to read:~~

15 ~~19823.1. (a) In addition to the other powers and~~
16 ~~duties specified in this chapter, the commission may~~
17 ~~grant, deny, revoke, suspend, or impose conditions,~~
18 ~~restrictions, or limitations on any license, permit, or~~
19 ~~approval provided for in this chapter.~~

20 ~~(b) The commission shall have the authority to~~
21 ~~reinstate a license to own a gambling establishment, a key~~
22 ~~employee license, or any other license provided for under~~
23 ~~this chapter that has been revoked, suspended, or~~
24 ~~terminated, provided that the license was not revoked,~~
25 ~~suspended, or terminated by the division or commission~~
26 ~~for cause. The commission shall adopt regulations to~~
27 ~~implement this section.~~

28 ~~SEC. 8. Section 19834A of the Business and~~
29 ~~Professions Code is amended to read:~~

30 ~~19834A. The regulations adopted by the commission~~
31 ~~shall do all of the following:~~

32 ~~(a) With respect to applications, registrations,~~
33 ~~investigations, and fees, the regulations shall include, but~~
34 ~~not be limited to, provisions that do all of the following:~~

35 ~~(1) Prescribe the method and form of application and~~
36 ~~registration.~~

37 ~~(2) Prescribe the information to be furnished by any~~
38 ~~applicant, licensee, or registrant concerning, as~~
39 ~~appropriate, the person's personal history, habits,~~
40 ~~character, associates, criminal record, business activities,~~



1 ~~organizational structure, and financial affairs, past or~~
2 ~~present.~~

3 ~~(3) Prescribe the information to be furnished by an~~
4 ~~owner licensee relating to the licensee's gambling~~
5 ~~employees.~~

6 ~~(4) Require fingerprinting or other methods of~~
7 ~~identification of an applicant, licensee, or employee of a~~
8 ~~licensee.~~

9 ~~(5) Prescribe the manner and method of collection~~
10 ~~and payment of fees and issuance of licenses.~~

11 ~~(b) Provide for the approval of game rules and~~
12 ~~equipment by the division to ensure fairness to the public~~
13 ~~and compliance with state laws.~~

14 ~~(c) Implement the provisions of this chapter relating~~
15 ~~to licensing.~~

16 ~~(d) Require owner licensees to report and keep~~
17 ~~records of transactions, as determined by the division,~~
18 ~~involving cash. The regulations may include, without~~
19 ~~limitation, regulations requiring owner licensees to file~~
20 ~~with the division reports similar to those required by~~
21 ~~Sections 5313 and 5314 of Title 31 of the United States~~
22 ~~Code, and by Sections 103.22 and 103.23 of Title 31 of the~~
23 ~~Code of Federal Regulations, and any successor~~
24 ~~provisions thereto, from financial institutions, as defined~~
25 ~~in Section 5312 of Title 31 of the United States Code and~~
26 ~~Section 103.11 of Title 31 of the Code of Federal~~
27 ~~Regulations, and any successor provisions.~~

28 ~~(e) Provide for the receipt of protests and written~~
29 ~~comments on an application by public agencies, public~~
30 ~~officials, local governing bodies, or residents of the~~
31 ~~location of the gambling establishment or future~~
32 ~~gambling establishment.~~

33 ~~(f) Provide for the disapproval of advertising by~~
34 ~~licensed gambling establishments that is determined by~~
35 ~~the division to be deceptive to the public. Regulations~~
36 ~~adopted by the commission for advertising by licensed~~
37 ~~gambling establishments shall be consistent with the~~
38 ~~advertising regulations adopted by the California Horse~~
39 ~~Racing Board and the Lottery Commission.~~
40 ~~Advertisement that appeals to children or adolescents or~~



1 ~~that offers gambling as a means of becoming wealthy is~~
2 ~~presumptively deceptive.~~

3 ~~(g) Govern both of the following:~~

4 ~~(1) The cashing of checks or other negotiable~~
5 ~~instruments.~~

6 ~~(2) The verification of identification in monetary~~
7 ~~transactions.~~

8 ~~(h) Prescribe minimum procedures for adoption by~~
9 ~~owner licensees to exercise effective control over their~~
10 ~~internal fiscal and gambling affairs, which shall include,~~
11 ~~but not be limited to, provisions for all of the following:~~

12 ~~(1) The safeguarding of assets and revenues, including~~
13 ~~the recording of cash and evidences of indebtedness.~~

14 ~~(2) Prescribing the manner in which compensation~~
15 ~~from games and gross revenue shall be computed and~~
16 ~~reported by an owner licensee.~~

17 ~~(3) The provision of reliable records, accounts, and~~
18 ~~reports of transactions, operations, and events, including~~
19 ~~reports to the division.~~

20 ~~(i) Provide for the adoption and use of internal audits,~~
21 ~~whether by qualified internal auditors or by certified~~
22 ~~public accountants. As used in this subdivision, "internal~~
23 ~~audit" means a type of control that operates through the~~
24 ~~testing and evaluation of other controls and that is also~~
25 ~~directed toward observing proper compliance with the~~
26 ~~minimum standards of control prescribed in subdivision~~
27 ~~(h).~~

28 ~~(j) Require periodic financial reports from each owner~~
29 ~~licensee.~~

30 ~~(k) Specify standard forms for reporting financial~~
31 ~~conditions, results of operations, and other relevant~~
32 ~~financial information.~~

33 ~~(l) Formulate a uniform code of accounts and~~
34 ~~accounting classifications to ensure consistency,~~
35 ~~comparability, and effective disclosure of financial~~
36 ~~information.~~

37 ~~(m) Prescribe intervals at which the information in~~
38 ~~subdivisions (j) and (k) shall be furnished to the division.~~

39 ~~(n) Require audits to be conducted, in accordance~~
40 ~~with generally accepted auditing standards, of the~~



1 ~~financial statements of all owner licensees whose annual~~
2 ~~gross revenues equal or exceed a specified sum. However,~~
3 ~~nothing herein shall be construed to limit the division's~~
4 ~~authority to require audits of any owner licensee. Audits,~~
5 ~~compilations, and reviews provided for in this subdivision~~
6 ~~shall be made by independent certified public~~
7 ~~accountants licensed to practice in this state.~~

8 ~~(o) Restrict, limit, or otherwise regulate any activity~~
9 ~~that is related to the conduct of controlled gambling,~~
10 ~~consistent with the purposes of this chapter.~~

11 ~~(p) Define and limit the area, games, hours of~~
12 ~~operation, number of tables, wagering limits, and~~
13 ~~equipment permitted, or the method of operation of~~
14 ~~games and equipment, if the division determines that~~
15 ~~local regulation of these subjects is insufficient to protect~~
16 ~~the health, safety, or welfare of residents in geographical~~
17 ~~areas proximate to a gambling establishment.~~

18 ~~(q) Prohibit gambling establishments from cashing~~
19 ~~checks drawn against any federal, state, or county fund,~~
20 ~~including, but not limited to, social security,~~
21 ~~unemployment insurance, disability payments, or public~~
22 ~~assistance payments. However, a gambling establishment~~
23 ~~shall not be prohibited from cashing any payroll checks~~
24 ~~or checks for the delivery of goods or services that are~~
25 ~~drawn against a federal, state, or county fund.~~

26 ~~Gambling establishments shall send the commission~~
27 ~~copies of all dishonored or uncollectible checks at the end~~
28 ~~of each quarter.~~

29 ~~(r) Provide for standards, specifications, and~~
30 ~~procedures governing the manufacture, distribution,~~
31 ~~including the sale and leasing, inspection, testing,~~
32 ~~location, operation, repair, and storage of gambling~~
33 ~~equipment, and for the licensing of persons engaged in~~
34 ~~the business of manufacturing, distributing, including the~~
35 ~~sale and leasing, inspection, testing, repair, and storage of~~
36 ~~gambling equipment.~~

37 ~~SEC. 9.~~

38 ~~SEC. 3.~~ Section 19834.7 is added to the Business and
39 Professions Code, to read:



1 19834.7. (a) It is the intent of the Legislature that this
2 section shall be dispositive of the law regarding the
3 operation of controlled games featuring a player-dealer
4 position in licensed gambling establishments in
5 California.

6 (b) No person or entity licensed pursuant to this
7 chapter shall conduct, operate, or offer any banked game,
8 or allow such a game to be conducted on the premises of
9 any licensed gambling establishment.

10 (c) (1) A banked game is any wagering game where
11 the house or gambling establishment is a participant in
12 the game, with an interest in the outcome of any wager,
13 and covers all bets made in the game, paying all winners
14 and collecting from all losers.

15 (2) With respect to licensed gambling establishments
16 only, a game is not a banked game merely because the
17 rules of the game allow a player, who does not represent
18 the interest of the house, to occupy the position of
19 player-dealer, provided that this position is continuously
20 and systematically rotated among seated players, *that the*
21 *person occupying the player-dealer position is only at risk*
22 *for the amount wagered on that hand*, and that no player
23 is allowed to dominate the game by occupying the
24 player-dealer position for more than two consecutive
25 hands. This section shall not be construed to allow the
26 house to bank any game.

27 (d) It shall be a violation of this chapter for the house
28 or any owner or employee of a licensed gambling
29 establishment to deal, carry on, or open or cause to be
30 opened, any banked game played for money, checks,
31 credit, or other representative of value.

32 (e) Neither the commission nor the division shall
33 authorize the play of any controlled game featuring a
34 player-dealer position if the rules of that game would: (1)
35 allow a player to participate in that game in a manner that
36 would not comply with minimal player-dealer rotation
37 requirements and allow that player to dominate the game
38 by occupying the player-dealer position for more than
39 two consecutive hands, or (2) if the rules of that game do
40 ~~not require the opportunity to operate or maintain a~~



1 ~~bank~~ not require the player-dealer position to
2 continuously and systematically rotate among the seated
3 players who wish to occupy that position.

4 (f) An owner or employee of a licensed gambling
5 establishment may deal, carry on, or open or cause to be
6 opened at the gambling establishment an authorized
7 controlled game featuring a player-dealer position,
8 provided that the game is operated in compliance with
9 subdivision (e). It shall be a violation of this chapter for
10 the house or any owner or *on-duty* employee of a licensed
11 gambling establishment to act as the player-dealer in any
12 game, or to share or participate in the winnings or profits
13 of any player participating in the play of that game,
14 except with respect to the payment of a lawful table fee.

15 ~~SEC. 10. Section 19851.5 of the Business and~~
16 ~~Professions Code is amended to read:~~

17 ~~19851.5. (a) Notwithstanding subdivision (i) of~~
18 ~~Section 19801, the division or commission shall not deny~~
19 ~~a license to a gambling establishment solely because it is~~
20 ~~not open to the public, provided that all of the following~~
21 ~~are true:~~

22 ~~(1) The gambling establishment is situated in a local~~
23 ~~jurisdiction that has an ordinance allowing only private~~
24 ~~clubs, and the gambling establishment was in operation~~
25 ~~as a private club under that ordinance on December 31,~~
26 ~~1997, and met all applicable state and local gaming~~
27 ~~registration requirements.~~

28 ~~(2) The gambling establishment consists of no more~~
29 ~~than five gaming tables.~~

30 ~~(3) Videotaped recordings of the entrance to the~~
31 ~~gambling room or rooms and all tables situated therein~~
32 ~~are made during all hours of operation by means of closed~~
33 ~~circuit television cameras, and these tapes are retained~~
34 ~~for a period of 30 days and are made available for review~~
35 ~~by the division or commission upon request.~~

36 ~~(4) The gambling establishment is open to members of~~
37 ~~the private club and their spouses in accordance with~~
38 ~~membership criteria in effect as of December 31, 1997.~~

39 ~~A gambling establishment meeting these criteria, in~~
40 ~~addition to the other requirements of this chapter, may~~



1 ~~be licensed to operate as a private club gambling~~
2 ~~establishment until the ownership or operation of the~~
3 ~~gambling establishment changes from the ownership or~~
4 ~~operation as of January 1, 1998, or the local jurisdiction~~
5 ~~approves an ordinance, pursuant to Sections 19950.1 and~~
6 ~~19950.2, authorizing the operation of gambling~~
7 ~~establishments that are open to the public. The~~
8 ~~commission shall adopt regulations implementing this~~
9 ~~section.~~

10 (b) ~~Notwithstanding subdivision (i) of Section 19801,~~
11 ~~if a gambling ordinance of a county provides for the~~
12 ~~operation of gambling establishments as private clubs,~~
13 ~~and the ordinance was adopted by the electors of the~~
14 ~~county in a countywide election, then the election~~
15 ~~requirement contained in subdivision (a) shall be~~
16 ~~deemed satisfied and a gambling establishment located in~~
17 ~~that county may be licensed to operate as a private club~~
18 ~~gambling establishment as long as there is no change in~~
19 ~~ownership or operation of the club and provided that it~~
20 ~~otherwise meets all the requirements of this chapter.~~

21 ~~SEC. 11. Section 19872A of the Business and~~
22 ~~Professions Code is amended and renumbered to read:~~

23 ~~19872. (a) If at any time the commission denies a~~
24 ~~license to an individual owner of any security issued by a~~
25 ~~corporation that applies for or holds an owner license, the~~
26 ~~owner of the security shall immediately offer the security~~
27 ~~to the issuing corporation for purchase. The corporation~~
28 ~~shall purchase the security so offered within 30 calendar~~
29 ~~days after the date of the offer for book value in cash as~~
30 ~~provided for in the articles of incorporation or the bylaws,~~
31 ~~but in no event for an amount greater than fair market~~
32 ~~value. If the book value or the fair market value of the~~
33 ~~security exceeds one million dollars (\$1,000,000), the~~
34 ~~commission may allow the issuing corporation a period of~~
35 ~~not to exceed 90 calendar days within which to purchase~~
36 ~~the security.~~

37 (b) ~~Beginning upon the date when the division serves~~
38 ~~notice of the denial upon the corporation, it is unlawful~~
39 ~~for the denied security owner to do any of the following:~~



1 ~~(1) Receive any dividend or interest upon any security~~
2 ~~described in subdivision (a).~~

3 ~~(2) Exercise, directly or through any trustee or~~
4 ~~nominee, any voting right conferred by any security~~
5 ~~described in subdivision (a).~~

6 ~~(3) Receive any remuneration in any form from the~~
7 ~~corporation for services rendered or for any other~~
8 ~~purpose.~~

9 ~~(c) Every security issued by a corporate owner~~
10 ~~licensee shall bear a statement, on both sides of the~~
11 ~~certificate evidencing the security, of the restrictions~~
12 ~~imposed by this section.~~

13 ~~SEC. 12. Section 19935 is added to the Business and~~
14 ~~Professions Code, to read:~~

15 ~~19935. (a) The administration and enforcement of~~
16 ~~this chapter shall be governed solely by the provisions of~~
17 ~~this chapter and regulations and orders adopted pursuant~~
18 ~~thereto.~~

19 ~~(b) Notwithstanding any other provision of this code,~~
20 ~~Article 9.5 (commencing with Section 19920) shall~~
21 ~~provide the exclusive means for penalizing and bringing~~
22 ~~disciplinary action against persons and entities duly~~
23 ~~licensed or otherwise regulated under this chapter.~~

24 ~~SEC. 13.~~

25 ~~SEC. 4. Section 19950.2 of the Business and~~
26 ~~Professions Code is amended to read:~~

27 ~~19950.2. (a) On and after the effective date of this~~
28 ~~chapter, neither the governing body nor the electors of~~
29 ~~a county, city, or city and county that has not authorized~~
30 ~~legal gaming within its boundaries prior to January 1,~~
31 ~~1996, shall authorize legal gaming.~~

32 ~~(b) No ordinance in effect on January 1, 1996, that~~
33 ~~authorizes legal gaming within a city, county, or city and~~
34 ~~county may be amended to expand gaming in that~~
35 ~~jurisdiction beyond that permitted on January 1, 1996.~~

36 ~~(c) Except as provided in subdivision (d), this~~ *This*
37 ~~section shall remain operative only until January 1, 2001.~~

38 ~~(d) With respect to Alameda, Contra Costa, Los~~
39 ~~Angeles, San Mateo, and Santa Clara Counties only, due~~
40 ~~to the over concentration of gambling establishments in~~



1 ~~those counties, this section shall remain operative with~~
2 ~~respect to those counties until January 1, 2003~~ *December*
3 *31, 2006*, and as of that date is repealed.

4 *SEC. 5.* Section 19950.3 is added to the Business and
5 Professions Code, to read:

6 19950.3. (a) In addition to any other limitations on
7 the expansion of gambling imposed by Section 19950.2 or
8 any provision of this chapter, neither the commission nor
9 the division shall issue a gambling license for a gambling
10 ~~establishment that was not operating on January 1, 2000,~~
11 *establishment that was licensed to operate on December*
12 *31, 1999*, unless an application to operate that
13 establishment was on file with the division prior to
14 ~~January 1, 2001~~ *September 1, 2000*.

15 (b) This section shall remain in effect only until
16 ~~January 1~~ *December 31, 2006*, and as of that date is
17 repealed, unless a later enacted statute, that is enacted
18 before ~~January 1~~ *December 31, 2006*, deletes or extends
19 that date.

20 ~~SEC. 14.~~

21 *SEC. 6.* Section 19980 is added to the Business and
22 Professions Code, to read:

23 19980. Notwithstanding any other provision of law, a
24 licensed gambling establishment may contract with a
25 third party for the purpose of providing proposition
26 player services, subject to the following conditions:

27 (a) Any agreement, contract, or arrangement
28 between a gambling establishment and a third-party
29 provider of proposition player services shall be approved
30 in advance by the division, and in no event shall a
31 gambling establishment *or the house* have any interest,
32 whether direct or indirect, in funds wagered, lost, or won
33 by any proposition player.

34 (b) The commission, may establish reasonable criteria
35 for, and require the licensure and registration of, any
36 person or entity that provides proposition player services
37 to gambling establishments pursuant to this section,
38 including owners, supervisors, and players. The
39 commission may impose licensing requirements,
40 disclosures, approvals, conditions, or limitations as it



1 deems necessary to protect the integrity of controlled
2 gambling in this state, and may assess and collect
3 reasonable fees and deposits as necessary to defray the
4 costs of providing this regulation and oversight.

5 (c) The division, pursuant to regulations of the
6 commission, is empowered to perform background
7 checks, financial audits, and other investigatory services
8 as needed to assist the commission in regulating third
9 party providers of proposition player services, and may
10 assess and collect reasonable fees and deposits as
11 necessary to defray the costs of providing this regulation
12 and oversight.

13 (d) No agreement or contract between a licensed
14 gambling establishment and a third party concerning the
15 provision of proposition player services shall be
16 invalidated or prohibited by the division pursuant to
17 subdivision (a) until the commission establishes criteria
18 for, and makes determinations regarding the licensure or
19 registration of, the provision of these services pursuant to
20 subdivision (b).

21 ~~SEC. 15. Section 186.9 of the Penal Code is amended~~
22 ~~to read:~~

23 ~~186.9. As used in this chapter:~~

24 (a) ~~“Conducts” includes, but is not limited to,~~
25 ~~initiating, concluding, or participating in conducting,~~
26 ~~initiating, or concluding a transaction.~~

27 (b) ~~“Financial institution” means, when located or~~
28 ~~doing business in this state, any national bank or banking~~
29 ~~association, state bank or banking association,~~
30 ~~commercial bank or trust company organized under the~~
31 ~~laws of the United States or any state, any private bank,~~
32 ~~industrial savings bank, savings bank or thrift institution,~~
33 ~~savings and loan association, or building and loan~~
34 ~~association organized under the laws of the United States~~
35 ~~or any state, any insured institution as defined in Section~~
36 ~~401 of the National Housing Act (12 U.S.C. Sec. 1724(a));~~
37 ~~any credit union organized under the laws of the United~~
38 ~~States or any state, any national banking association or~~
39 ~~corporation acting under Chapter 6 (commencing with~~
40 ~~Section 601) of Title 12 of the United States Code, any~~



1 ~~agency, agent or branch of a foreign bank, any currency~~
2 ~~dealer or exchange, any person or business engaged~~
3 ~~primarily in the cashing of checks, any person or business~~
4 ~~who regularly engages in the issuing, selling, or~~
5 ~~redeeming of traveler's checks, money orders, or similar~~
6 ~~instruments, any broker or dealer in securities registered~~
7 ~~or required to be registered with the Securities and~~
8 ~~Exchange Commission under the Securities Exchange~~
9 ~~Act of 1934 or with the Commissioner of Corporations~~
10 ~~under Part 3 (commencing with Section 25200) of~~
11 ~~Division 1 of Title 4 of the Corporations Code, any~~
12 ~~licensed transmitter of funds or other person or business~~
13 ~~regularly engaged in transmitting funds to a foreign~~
14 ~~nation for others, any investment banker or investment~~
15 ~~company, any insurer, any dealer in gold, silver, or~~
16 ~~platinum bullion or coins, diamonds, emeralds, rubies, or~~
17 ~~sapphires, any pawnbroker, any telegraph company, any~~
18 ~~person or business regularly engaged in the delivery,~~
19 ~~transmittal, or holding of mail or packages, any person or~~
20 ~~business that conducts a transaction involving the~~
21 ~~transfer of title to any real property, vehicle, vessel, or~~
22 ~~aircraft, any personal property broker, any person or~~
23 ~~business acting as a real property securities dealer within~~
24 ~~the meaning of Section 10237 of the Business and~~
25 ~~Professions Code, whether licensed to do so or not, any~~
26 ~~person or business acting within the meaning and scope~~
27 ~~of subdivisions (d) and (e) of Section 10131 and Section~~
28 ~~10131.1 of the Business and Professions Code, whether~~
29 ~~licensed to do so or not, any person or business regularly~~
30 ~~engaged in gaming within the meaning and scope of~~
31 ~~Section 330, any person or business regularly engaged in~~
32 ~~pool selling or bookmaking within the meaning and scope~~
33 ~~of Section 337a, any person or business regularly engaged~~
34 ~~in horse racing whether licensed to do so or not under the~~
35 ~~Business and Professions Code, any person or business~~
36 ~~engaged in the operation of a gambling ship within the~~
37 ~~meaning and scope of Section 11317, any person or~~
38 ~~business engaged in controlled gambling within the~~
39 ~~meaning and scope of subdivision (f) of Section 19805 of~~
40 ~~the Business and Professions Code, whether registered to~~



1 do so or not, and any person or business defined as a
2 “bank,” “financial agency,” or “financial institution” by
3 Section 5312 of Title 31 of the United States Code or
4 Section 103.11 of Title 31 of the Code of Federal
5 Regulations and any successor provisions thereto.

6 (e) “Transaction” includes the deposit, withdrawal,
7 transfer, bailment, loan, pledge, payment, or exchange of
8 currency, or a monetary instrument, as defined by
9 subdivision (d), or the electronic, wire, magnetic, or
10 manual transfer of funds between accounts by, through,
11 or to, a financial institution as defined by subdivision (b).

12 (d) “Monetary instrument” means United States
13 currency and coin; the currency, coin, and foreign bank
14 drafts of any foreign country; payment warrants issued by
15 the United States, this state, or any city, county, or city
16 and county of this state or any other political subdivision
17 thereof; any bank check, cashier’s check, traveler’s check,
18 or money order; any personal check, stock, investment
19 security, or negotiable instrument in bearer form or
20 otherwise in a form in which title thereto passes upon
21 delivery; gold, silver, or platinum bullion or coins; and
22 diamonds, emeralds, rubies, or sapphires. Except for
23 foreign bank drafts and federal, state, county, or city
24 warrants, “monetary instrument” does not include
25 personal checks made payable to the order of a named
26 party which have not been endorsed or which bear
27 restrictive endorsements, and also does not include
28 personal checks which have been endorsed by the named
29 party and deposited by the named party into the named
30 party’s account with a financial institution.

31 (e) “Criminal activity” means a criminal offense
32 punishable under the laws of this state by death or
33 imprisonment in the state prison or from a criminal
34 offense committed in another jurisdiction punishable
35 under the laws of that jurisdiction by death or
36 imprisonment for a term exceeding one year.

37 (f) “Foreign bank draft” means a bank draft or check
38 issued or made out by a foreign bank, savings and loan,
39 casa de cambio, credit union, currency dealer or
40 exchanger, check cashing business, money transmitter,



1 ~~insurance company, investment or private bank, or any~~
2 ~~other foreign financial institution that provides similar~~
3 ~~financial services, on an account in the name of the~~
4 ~~foreign bank or foreign financial institution held at a bank~~
5 ~~or other financial institution located in the United States~~
6 ~~or a territory of the United States.~~

7 ~~SEC. 16. Section 337j of the Penal Code is amended to~~
8 ~~read:~~

9 ~~337j. (a) It is unlawful for any person, as owner,~~
10 ~~lessee, or employee, whether for hire or not, either solely~~
11 ~~or in conjunction with others, to do any of the following~~
12 ~~without having first procured and thereafter maintained~~
13 ~~in effect all federal, state, and local licenses required by~~
14 ~~law:~~

15 ~~(1) To deal, operate, carry on, conduct, maintain, or~~
16 ~~expose for play in this state any controlled game.~~

17 ~~(2) To receive, directly or indirectly, any~~
18 ~~compensation or reward or any percentage or share of the~~
19 ~~revenue, for keeping, running, or carrying on any~~
20 ~~controlled game.~~

21 ~~(3) To manufacture, distribute, or repair any~~
22 ~~gambling equipment within the boundaries of this state,~~
23 ~~or to receive, directly or indirectly, any compensation or~~
24 ~~reward for the manufacture, distribution, or repair of any~~
25 ~~gambling equipment within the boundaries of this state.~~

26 ~~(b) It is unlawful for any person to knowingly permit~~
27 ~~any controlled game to be conducted, operated, dealt, or~~
28 ~~carried on in any house or building or other premises that~~
29 ~~he or she owns or leases, in whole or in part, if that activity~~
30 ~~is undertaken by a person who is not licensed as required~~
31 ~~by state law, or by an employee of that person.~~

32 ~~(c) It is unlawful for any person to knowingly permit~~
33 ~~any gambling equipment to be manufactured, stored, or~~
34 ~~repaired in any house or building or other premises that~~
35 ~~the person owns or leases, in whole or in part, if that~~
36 ~~activity is undertaken by a person who is not licensed as~~
37 ~~required by state law, or by an employee of that person.~~

38 ~~(d) Any person who violates, attempts to violate, or~~
39 ~~conspires to violate this section shall be punished by~~
40 ~~imprisonment in a county jail for not more than one year,~~



1 ~~or by a fine of not more than five thousand dollars~~
2 ~~(\$5,000), or by both that imprisonment and fine.~~

3 ~~(e) (1) As used in this section, “controlled game”~~
4 ~~means any game of chance or skill, including any~~
5 ~~gambling device, played for currency, check, credit, or~~
6 ~~any other thing of value that is not prohibited and made~~
7 ~~unlawful by statute or local ordinance.~~

8 ~~(2) As used in this section, “controlled game” does not~~
9 ~~include any of the following:~~

10 ~~(A) The game of bingo conducted pursuant to Section~~
11 ~~326.5.~~

12 ~~(B) Parimutuel racing on horse races regulated by the~~
13 ~~California Horse Racing Board.~~

14 ~~(C) Any lottery game conducted by the California~~
15 ~~State Lottery.~~

16 ~~(D) Games played with cards in private homes or~~
17 ~~residences, in which no person makes money for~~
18 ~~operating the game, except as a player.~~

19 ~~(f) This subdivision is intended to be dispositive of the~~
20 ~~law relating to the collection of player fees in gambling~~
21 ~~establishments. Fees charged for all wagers shall be~~
22 ~~determined and collected prior to the start of play of any~~
23 ~~hand or round. Ample notice shall be provided to the~~
24 ~~patrons of gambling establishments relating to the~~
25 ~~assessment of fees. Flat fees on each wager may be~~
26 ~~assessed at different collection rates, but no more than~~
27 ~~three collection rates may be established per table. The~~
28 ~~fee collection shall not be based on a percentage of the~~
29 ~~amount wagered, and the fee may be taken from the ante~~
30 ~~prior to the time the cards are dealt. This legislation~~
31 ~~modifies the holding in Sullivan v. Fox (1987) 189~~
32 ~~Cal.App.3d 673, as to the collection of player fees in~~
33 ~~licensed gambling establishments.~~

34 ~~SEC. 17.~~

35 *SEC. 7. Section 330.11 is added to the Penal Code, to*
36 *read:*

37 *330.11. “Banking game,” as used in Section 330, means*
38 *any game in which the gambling establishment, house, or*
39 *any other individual or entity acts as a player in the game,*
40 *with an interest in its outcome, and covers all bets in the*



1 *game, collecting from all losers and paying all winners, as*
2 *is the practice in casinos located in the States of Nevada*
3 *and New Jersey. “Banking game” does not include a*
4 *controlled game that features a player-dealer position as*
5 *authorized in Section 19834.7 of the Business and*
6 *Professions Code.*

7 SEC. 8. The provisions of this act are severable. If any
8 provision of this act, or the application thereof, is held
9 invalid, that invalidity shall not affect other provisions or
10 applications that can be given effect without the invalid
11 provision or application.

12 ~~SEC. 18.~~

13 SEC. 9. No reimbursement is required by this act
14 pursuant to Section 6 of Article XIII B of the California
15 Constitution because the only costs that may be incurred
16 by a local agency or school district will be incurred
17 because this act creates a new crime or infraction,
18 eliminates a crime or infraction, or changes the penalty
19 for a crime or infraction, within the meaning of Section
20 17556 of the Government Code, or changes the definition
21 of a crime within the meaning of Section 6 of Article
22 XIII B of the California Constitution.

23 ~~SEC. 19.~~

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

29 In order to reduce confusion and to ensure at the
30 earliest possible time that gambling establishments are
31 able to operate within the law with respect to controlled
32 games featuring a player dealer position,—~~and~~ to provide
33 the California Gambling Control Commission and
34 Division of Gambling Control with necessary regulatory
35 guidelines and enforcement powers, *and to impose*
36 *reasonable limits on the further expansion of gambling,* it
37 is necessary that this act take effect immediately.

