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**BUSINESS AND PROFESSIONS CODE - BPC**

**DIVISION 8. SPECIAL BUSINESS REGULATIONS [18400 - 22949.92.2]** ( Division 8 added by Stats. 1941, Ch. 44. )

**CHAPTER 5. The Gambling Control Act [19800 - 19987]** ( Chapter 5 repealed and added by Stats. 1997, Ch. 867, Sec. 3. )

**ARTICLE 4. Licensing [19850 - 19879]** ( Article 4 added by Stats. 1997, Ch. 867, Sec. 3. )

**19850.** Every person who, either as owner, lessee, or employee, whether for hire or not, either solely or in conjunction with others, deals, operates, carries on, conducts, maintains, or exposes for play any controlled game in this state, or who receives, directly or indirectly, any compensation or reward, or any percentage or share of the money or property played, for keeping, running, or carrying on any controlled game in this state, shall apply for and obtain from the commission, and shall thereafter maintain, a valid state gambling license, key employee license, or work permit, as specified in this chapter. In any criminal prosecution for violation of this section, the punishment shall be as provided in Section 337j of the Penal Code.

(Added by renumbering Section 19840 by Stats. 2002, Ch. 738, Sec. 35. Effective January 1, 2003.)

**19850.5.** Notwithstanding Section 19850 or any other provision of law, this chapter shall apply to both of the following:

(a) The operation, regulation, and enforcement of remote caller bingo, as defined in paragraph (1) of subdivision (t) of Section 326.3 of the Penal Code, to the extent expressly made applicable by Section 326.3 of the Penal Code. No requirement contained in this chapter shall apply to remote caller bingo unless expressly made applicable by Section 326.3 of the Penal Code.

(b) The regulation of card-minding devices as provided in subdivision (p) of Section 326.5 of the Penal Code, to the extent expressly made applicable by Section 326.5 of the Penal Code. No requirement contained in this chapter shall apply to card-minding devices unless expressly made applicable by Section 326.5 of the Penal Code.

(Added by Stats. 2008, Ch. 748, Sec. 2. Effective January 1, 2009.)

**19850.6.** (a) In order to avoid delays in implementing the California Remote Caller Bingo Act, including implementing remote caller bingo, testing and certifying card-minding devices, and to avoid disruption of fundraising efforts by nonprofit organizations, the Legislature finds and declares that it is necessary to provide the commission with a limited exemption from normal rulemaking procedural requirements. The commission is directed to adopt appropriate emergency regulations as soon as possible, the initial regulatory action to be filed with the Office of Administrative Law no later than May 1, 2009. It is the intent of the Legislature to provide the commission with full authority and sufficient flexibility to adopt all needed regulations. These regulations may be adopted in a series of regulatory actions. Subsequent regulatory actions may amend or repeal earlier regulatory actions, as necessary, to reflect program experience and concerns of the regulated public.

(b) The commission shall adopt emergency regulations concerning remote caller bingo and concerning card-minding devices no later than May 1, 2009. The adoption, amendment, repeal, or readoption of a regulation authorized by this section is deemed to address an emergency, for purposes of Sections 11346.1 and 11349.6 of the Government Code, and the commission is hereby exempted for this purpose from the requirements of subdivision (b) of Section 11346.1 of the Government Code, but shall otherwise be subject to the review and approval of the Office of Administrative Law.

(c) Notwithstanding any other law, all emergency regulations adopted by the commission pursuant to this section before July 1, 2009, shall remain in effect until December 31, 2011, except to the extent that the commission exercises its power to adopt, amend, or repeal these regulations in whole or in part.

(Amended by Stats. 2010, Ch. 328, Sec. 24. (SB 1330) Effective January 1, 2011.)

**19851.** (a) The owner of a gambling enterprise shall apply for and obtain a state gambling license. The owner of a gambling enterprise shall be known as the owner-licensee.

(b) Other persons who also obtain a state gambling license, as required by this chapter, shall not receive a separate license certificate, but the licenses of those persons shall be endorsed on the license certificate that is issued to the owner of the gambling enterprise.

(c) Notwithstanding any other law, the commission may adopt regulations, for any applicant who possesses a state gambling license in good standing as determined by the commission, to waive any application requirement, including, without limitation, any of the following:

(1) The requirement that an application be accompanied by supplemental forms pursuant to Section 19865.

(2) The requirement that an application be accompanied by a deposit pursuant to Section 19867.

(3) The requirement that an investigation be performed by the department.

(d) (1) The commission shall adopt regulations implementing a new owner license type that allows for a person or entity to be endorsed on the license certificate of multiple gambling enterprises.

(2) The regulations shall establish a process for a person or entity endorsed on the license certificate of multiple gambling enterprises to request at the time of submittal of an application for license renewal that their existing endorsements be converted to the new owner license type, provided that the applicant's current state gambling licenses are held in good standing, as determined by the commission.

(3) To the extent feasible, the regulations shall allow individuals or entities with the new owner license type to renew all of their endorsements on the license certificates of multiple gambling enterprises with a single application for renewal. Notwithstanding this paragraph, if the license certificate of a gambling enterprise ceases to be valid, any endorsement thereon of an individual or entity with the new owner license type shall be invalid.

*(Amended by Stats. 2023, Ch. 302, Sec. 1. (AB 1271) Effective January 1, 2024.)*

**19852.** Except as provided in Section 19852.2, an owner of a gambling enterprise that is not a natural person shall not be eligible for a state gambling license unless each of the following persons individually holds a state gambling license:

(a) If the owner is a corporation, then each officer, director, and shareholder, other than a holding or intermediary company, of the owner. The foregoing does not apply to an owner that is either a publicly traded racing association or a qualified racing association.

(b) If the owner is a publicly traded racing association, then each officer, director, and owner, other than an institutional investor, of 5 percent or more of the outstanding shares of the publicly traded corporation.

(c) If the owner is a qualified racing association, then each officer, director, and shareholder, other than an institutional investor, of the subsidiary corporation and any owner, other than an institutional investor, of 5 percent or more of the outstanding shares of the publicly traded corporation.

(d) If the owner is a partnership, then every general and limited partner of, and every trustee or person, other than a holding or intermediary company, having or acquiring a direct or beneficial interest in, that partnership owner.

(e) If the owner is a trust, then the trustee and, in the discretion of the commission, any beneficiary and the trustor of the trust.

(f) If the owner is a limited liability company, every officer, manager, member, or owner.

(g) If the owner is a business organization other than a corporation, partnership, trust, or limited liability company, then all those persons as the commission may require, consistent with this chapter.

(h) Each person who receives, or is to receive, any percentage share of the revenue earned by the owner from gambling activities.

(i) Every employee, agent, guardian, personal representative, lender, or holder of indebtedness of the owner who, in the judgment of the commission, has the power to exercise a significant influence over the gambling operation.

*(Amended by Stats. 2023, Ch. 302, Sec. 2. (AB 1271) Effective January 1, 2024.)*

**19852.2.** (a) Notwithstanding Section 19852 or any other provision of law, and solely for the purpose of the licensure of a card club located on any portion of, or contiguous to, the grounds upon which a racetrack is or had been previously located and horserace meetings were authorized to be conducted by the California Horse Racing Board on or before January 1, 2012, that is owned by a limited partnership that also owns or owned the racetrack, the commission may, at its discretion, exempt all of the following from the licensing requirements of this chapter:

(1) The limited partners in a limited partnership that holds interest in a holding company if all of the following criteria are met:

(A) The limited partners of the limited partnership in the aggregate directly hold at least 95 percent of the interest in the holding company.

(B) The limited partner is one of the following:

- (i) An "institutional investor" as defined in subdivision (w) of Section 19805.
- (ii) An "employee benefit plan" as defined in Section 1002(3) of Title 29 of the United States Code.
- (iii) An investment company that manages a state university endowment.

(2) Other limited partners in a limited partnership described in paragraph (1), if the partners do not number more than five and each partner indirectly owns 1 percent or less of the shares of the interest in the holding company.

(3) A limited partner in a limited partnership that holds in the aggregate less than 5 percent of the interest in a holding company.

(b) Nothing in this section shall be construed to limit the licensure requirements for a general partner of a limited partnership or a limited partner that is not specifically described in this section.

*(Amended by Stats. 2013, Ch. 760, Sec. 1. (SB 472) Effective January 1, 2014.)*

**19853.** (a) The commission, by regulation or order, may require that the following persons register with the commission, apply for a finding of suitability as defined in subdivision (j) of Section 19805, or apply for a gambling license:

- (1) Any person who furnishes any services or any property to a gambling enterprise under any arrangement whereby that person receives payments based on earnings, profits, or receipts from controlled gambling.
- (2) Any person who owns an interest in the premises of a licensed gambling establishment or in real property used by a licensed gambling establishment.
- (3) Any person who does business on the premises of a licensed gambling establishment.
- (4) Any person who is an independent agent of, or does business with, a gambling enterprise as a ticket purveyor, a tour operator, the operator of a bus program, or the operator of any other type of travel program or promotion operated with respect to a licensed gambling establishment.
- (5) Any person who provides any goods or services to a gambling enterprise for compensation that the commission finds to be grossly disproportionate to the value of the goods or services provided.
- (6) Every person who, in the judgment of the commission, has the power to exercise a significant influence over the gambling operation.

(b) The department may conduct any investigation it deems necessary to determine whether a publicly traded corporation is, or has, engaged in activities specified in paragraph (2), (3), or (4) of subdivision (a), and shall report its findings to the commission. If a publicly traded corporation is engaged in activities described in paragraph (2), (3), or (4) of subdivision (a), the commission may require the corporation and the following other persons to apply for and obtain a license or finding of suitability:

- (1) Any officer or director.
- (2) Any owner, other than an institutional investor, of 5 percent or more of the outstanding shares of the corporation.

*(Amended by Stats. 2012, Ch. 162, Sec. 6. (SB 1171) Effective January 1, 2013.)*

**19854.** (a) A person shall not be employed as a key employee unless that person applies for and obtains a key employee license.

(b) A person shall not be issued a key employee license unless the person would qualify for a state gambling license.

(c) A key employee license, once issued, shall authorize a person to act as a key employee until the expiration or revocation of that license and shall entitle the holder to work for any gambling enterprise as a key employee upon proper notice to the department.

*(Repealed and added by Stats. 2023, Ch. 302, Sec. 4. (AB 1271) Effective January 1, 2024.)*

**19855.** Except as otherwise provided by statute or regulation, every person who, by statute or regulation, is required to hold a state license shall obtain the license prior to engaging in the activity or occupying the position with respect to which the license is required. Every person who, by order of the commission, is required to apply for a gambling license or a finding of suitability shall file the application within 45 calendar days after receipt of the order.

*(Amended by Stats. 2013, Ch. 760, Sec. 2. (SB 472) Effective January 1, 2014.)*

**19856.** (a) Any person who the commission determines is qualified to receive a state license, having due consideration for the proper protection of the health, safety, and general welfare of the residents of the State of California and the declared policy of this state, may be issued a license. The burden of proving his or her qualifications to receive any license is on the applicant.

(b) An application to receive a license constitutes a request for a determination of the applicant's general character, integrity, and ability to participate in, engage in, or be associated with, controlled gambling.

(c) In reviewing an application for any license, the commission shall consider whether issuance of the license is inimical to public health, safety, or welfare, and whether issuance of the license will undermine public trust that the gambling operations with respect to which the license would be issued are free from criminal and dishonest elements and would be conducted honestly.

*(Added by renumbering Section 19847A by Stats. 2002, Ch. 738, Sec. 41. Effective January 1, 2003.)*

**19857.** No gambling license shall be issued unless, based on all of the information and documents submitted, the commission is satisfied that the applicant is all of the following:

(a) A person of good character, honesty, and integrity.

(b) A person whose prior activities, criminal record, if any, reputation, habits, and associations do not pose a threat to the public interest of this state, or to the effective regulation and control of controlled gambling, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of controlled gambling or in the carrying on of the business and financial arrangements incidental thereto.

(c) A person that is in all other respects qualified to be licensed as provided in this chapter.

*(Added by renumbering Section 19848A by Stats. 2002, Ch. 738, Sec. 42. Effective January 1, 2003.)*

**19858.** (a) Except as provided in subdivisions (b) and (c), a person shall be deemed to be unsuitable to hold a state gambling license to own a gambling establishment if the person, or any partner, officer, director, or shareholder of the person, has any financial interest in any business or organization that is engaged in any form of gambling prohibited by Section 330 of the Penal Code, whether within or without this state.

(b) Subdivision (a) shall not apply to a publicly traded racing association, a qualified racing association, or any person who is licensed pursuant to subdivision (b) or (c) of Section 19852.

(c) Subdivision (a) shall not apply to a person who meets all of the following criteria:

(1) The person is licensed or had an application to be licensed on file with the commission on or before February 1, 2013.

(2) The person has a financial interest in a business or organization engaged in gambling prohibited by Section 330 of the Penal Code that was closed and was not engaged in prohibited gambling at the time the person was either licensed or had filed an application to be licensed with the commission.

(3) The person has a financial interest in a gambling establishment that is located on any portion of, or contiguous to, the grounds on which a racetrack is or had been previously located and horserace meetings were authorized to be conducted by the California Horse Racing Board on or before January 1, 2012.

(4) The grounds upon which the gambling establishment described in paragraph (3) is located are directly or indirectly owned by a racetrack limited partnership owner. For purposes of this paragraph, a "racetrack limited partnership owner" is defined as a limited partnership, or a number of related limited partnerships, that is or are at least 80 percent capitalized by limited partners that are an "institutional investor" as defined in subdivision (w) of Section 19805, an "employee benefit plan" as defined in Section 1002(3) of Title 29 of the United States Code, or an investment company that manages a state university endowment.

(d) Within three years of the date the closed business or organization reopens or becomes engaged in any form of gambling prohibited by Section 330 of the Penal Code, a person described in subdivision (c) shall either divest that person's interest in the business or organization, or divest that person's interest in the gambling enterprise or gambling establishment for which the person is licensed or has applied to be licensed by the commission.

(e) A person described in subdivision (c) shall inform the commission within 30 days of the date on which a business or organization in which the person has a financial interest begins to engage in any form of gambling prohibited by Section 330 of the Penal Code.

(f) During the three-year divestment period described in subdivision (d), it is unlawful for any cross-promotion or marketing to occur between the business or organization that is engaged in any form of gambling prohibited by Section 330 of the Penal Code and the gambling enterprise or gambling establishment described in paragraph (3) of subdivision (c). For purposes of this subdivision, "cross-promotion or marketing" means the offering to any customers of the gambling enterprise or gambling establishment anything of value related to visiting or gambling at the business or organization engaged in any form of gambling prohibited by Section 330 of the Penal Code.

(g) During the three-year divestment period described in subdivision (d), any funds used in connection with the capital improvement of the gambling enterprise or gambling establishment described in paragraph (3) of subdivision (c) shall not be provided from the gaming revenues of either the business or organization engaged in gaming prohibited under Section 330 of the Penal Code.

(h) If, at the end of the three-year divestment period described in subdivision (d), any person described in subdivision (c) has not divested his or her interest in either the gambling enterprise or gambling establishment or the business or organization engaged in any form of gaming prohibited under Section 330 of the Penal Code, the prohibitions of Section 19858 as it read on January 1, 2013, apply.

*(Amended by Stats. 2013, Ch. 760, Sec. 3. (SB 472) Effective January 1, 2014.)*

**19858.5.** Notwithstanding Section 19858, the commission may, pursuant to this chapter, deem an applicant or licensee suitable to hold a state gambling license even if the applicant or licensee has a financial interest in another business that conducts lawful gambling outside the state that, if conducted within California, would be unlawful, provided that an applicant or licensee may not own, either directly or indirectly, more than a 1 percent interest in, or have control of, that business.

*(Added by Stats. 2007, Ch. 294, Sec. 2. Effective October 5, 2007.)*

**19859.** The commission shall deny a license to any applicant who is disqualified for any of the following reasons:

(a) Failure of the applicant to clearly establish eligibility and qualification in accordance with this chapter.

(b) Failure of the applicant to provide information, documentation, and assurances required by this chapter or requested by the chief, or failure of the applicant to reveal any fact material to qualification, or the supplying of information that is untrue or misleading as to a material fact pertaining to the qualification criteria.

(c) (1) Except as provided in paragraph (2), conviction of a felony, including a conviction by a federal court or a court in another state for a crime that would constitute a felony if committed in California.

(2) A conviction of a felony for the possession of cannabis, the facts of which would not constitute a felony or misdemeanor under California law on the date the application for a license is submitted, shall not constitute a basis to deny a license pursuant to this section.

(d) (1) Conviction of the applicant, in the State of California, for any misdemeanor involving dishonesty or moral turpitude within the 10-year period immediately preceding the submission of the application, unless the applicant has been granted relief pursuant to Section 1203.4, 1203.4a, or 1203.45 of the Penal Code; provided, however, that the granting of relief pursuant to Section 1203.4, 1203.4a, or 1203.45 of the Penal Code shall not constitute a limitation on the discretion of the commission under Section 19856 or affect the applicant's burden under Section 19857.

(2) Conviction of the applicant, in another state, for any misdemeanor involving dishonesty or moral turpitude within the 10-year period immediately preceding the submission of the application, unless the conviction has been expunged under the laws of the jurisdiction in which the applicant was convicted; provided, however, that the expungement of the conviction shall not constitute a limitation on the discretion of the commission under Section 19856 or affect the applicant's burden under Section 19857.

(e) Association of the applicant with criminal profiteering activity or organized crime, as defined by Section 186.2 of the Penal Code.

(f) Contumacious defiance by the applicant of any legislative investigatory body, or other official investigatory body of any state or of the United States, when that body is engaged in the investigation of crimes relating to gambling; official corruption related to gambling activities; or criminal profiteering activity or organized crime, as defined by Section 186.2 of the Penal Code.

(g) The applicant is less than 21 years of age, except as provided by this chapter.

*(Amended by Stats. 2024, Ch. 138, Sec. 1. (SB 1519) Effective January 1, 2025.)*

**19860.** (a) The commission shall deny a gambling license with respect to any gambling establishment that is located in a city, county, or city and county that does not have an ordinance governing all of the following matters:

(1) The hours of operation of gambling establishments.

(2) Patron security and safety in and around the gambling establishments.

(3) The location of gambling establishments.

(4) Wagering limits in gambling establishments.

(5) The number of gambling tables in each gambling establishment and in the jurisdiction.

(b) In any city, county, or city and county in which the local gambling ordinance does not govern the matters specified in subdivision (a), any amendment to the ordinance to govern those matters is not subject to Section 19961, provided that a local election is required to add these matters, and the ordinance only provides for private clubs by vote of the people, and that the ordinance is amended to contain these matters on or before July 1, 2000.

*(Added by renumbering Section 19851A by Stats. 2002, Ch. 738, Sec. 45. Effective January 1, 2003.)*

**19861.** (a) Notwithstanding subdivision (j) of Section 19801, the commission shall not deny a license to a gambling establishment solely because it is not open to the public, if all of the following are true:

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

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

(3) Video recordings of the entrance to the gambling room or rooms and all tables situated therein are made during all hours of operation by means of closed-circuit television cameras, and these recordings are retained for a period of 30 days and are made available for review by the department upon request.

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

(b) A gambling establishment meeting the criteria set forth in subdivision (a), in addition to the other requirements of this chapter, may be licensed to operate as a private club gambling establishment until November 30, 2003, or until the ownership or operation of the gambling establishment changes from the ownership or operation as of January 1, 1998, whichever occurs first. Operation of the gambling establishments after this date shall only be permitted if the local jurisdiction approves an ordinance, pursuant to Sections 19961 and 19962, authorizing the operation of gambling establishments that are open to the public. The commission shall adopt regulations implementing this section. Before the commission's issuance of a license to a private club, the department shall ensure that the ownership of the gambling establishment has remained constant since January 1, 1998, and the operation of the gambling establishment has not been leased to a third party.

*(Amended by Stats. 2016, Ch. 86, Sec. 16. (SB 1171) Effective January 1, 2017.)*

**19862.** (a) In addition to other grounds stated in this chapter, the commission may deny a gambling license for any of the following reasons:

(1) If issuance of the license with respect to the proposed gambling establishment or expansion would tend unduly to create law enforcement problems in a city, county, or city and county other than the city, county, or city and county that has regulatory jurisdiction over the applicant's premises.

(2) If an applicant fails to conduct an economic feasibility study that demonstrates to the satisfaction of the commission that the proposed gambling establishment will be economically viable, and that the owners have sufficient resources to make the gambling establishment successful. The commission shall hold a public meeting for the purpose of reviewing the feasibility study. All papers, studies, projections, pro formas, and other materials filed with the commission pursuant to an economic feasibility study are public records and shall be disclosed to all interested parties.

(3) If issuance of the license is sought in respect to a new gambling establishment, or the expansion of an existing gambling establishment, that is to be located or is located near an existing school, an existing building used primarily as a place of worship, an existing playground or other area of juvenile congregation, an existing hospital, convalescence facility, or near another similarly unsuitable area, as determined by regulation of the commission, which is located in a city, county, or city and county other than the city, county, or city and county that has regulatory jurisdiction over the applicant's gambling premises.

(b) For the purposes of this section, "expansion" means an increase of 25 percent or more in the number of authorized gambling tables in a gambling establishment, based on the number of gambling tables for which a license was initially issued pursuant to this chapter.

*(Amended by Stats. 2021, Ch. 45, Sec. 2. (AB 120) Effective January 1, 2022.)*

**19863.** A publicly traded racing association or a qualified racing association shall be allowed to operate only one gaming establishment, and the gaming establishment shall be located on the same premises as the entity's racetrack.

*(Added by renumbering Section 19852.1 by Stats. 2002, Ch. 738, Sec. 48. Effective January 1, 2003.)*



**19864.** (a) Application for a state license or other commission action shall be submitted to the department on forms furnished by the department.

(b) The application for a gambling license shall include all of the following:

- (1) The name of the proposed licensee.
- (2) The name and location of the proposed gambling establishment.
- (3) The gambling games proposed to be conducted.
- (4) The names of all persons directly or indirectly interested in the business and the nature of the interest.
- (5) A description of the proposed gambling establishment and operation.
- (6) Any other information and details the commission may require in order to discharge its duties properly.

*(Amended by Stats. 2013, Ch. 353, Sec. 5. (SB 820) Effective September 26, 2013. Operative July 1, 2013, by Sec. 129 of Ch. 353.)*

**19865.** The department shall furnish to the applicant supplemental forms, which the applicant shall complete and file with the department. These supplemental forms shall require, but shall not be limited to requiring, complete information and details with respect to the applicant's personal history, habits, character, criminal record, business activities, financial affairs, and business associates, covering at least a 10-year period immediately preceding the date of filing of the application. Each applicant shall submit two sets of fingerprints, using "live scan" or other prevailing, accepted technology, or on forms provided by the department. The department may submit one fingerprint card to the United States Federal Bureau of Investigation.

*(Amended by Stats. 2007, Ch. 176, Sec. 20. Effective August 24, 2007.)*

**19866.** An applicant for licensing or for any approval or consent required by this chapter, shall make full and true disclosure of all information to the department and the commission as necessary to carry out the policies of this state relating to licensing, registration, and control of gambling.

*(Amended by Stats. 2007, Ch. 176, Sec. 21. Effective August 24, 2007.)*

**19867.** (a) An application for a license or a determination of suitability shall be accompanied by the deposit of a sum of money that, in the judgment of the chief, will be adequate to pay the anticipated costs and charges incurred in the investigation and processing of the application. The chief shall adopt a schedule of costs and charges of investigation for use as guidelines in fixing the amount of any required deposit under this section. The schedule shall distinguish between initial and renewal licenses with respect to costs and charges.

(b) During an investigation, the chief may require an applicant to deposit any additional sums as are required by the department to pay final costs and charges of the investigation.

(c) Any money received from an applicant in excess of the costs and charges incurred in the investigation or the processing of the application shall be refunded pursuant to regulations adopted by the department. At the conclusion of the investigation, the chief shall provide the applicant a written, itemized accounting of the costs and charges thereby incurred.

*(Amended by Stats. 2007, Ch. 438, Sec. 6. Effective January 1, 2008.)*

**19868.** (a) Within a reasonable time after the filing of an application and any supplemental information the department may require, and the deposit of any fee required pursuant to Section 19867, the department shall commence its investigation of the applicant and, for that purpose, may conduct any proceedings it deems necessary. To the extent practicable, all applications shall be acted upon within 180 calendar days of the date of submission of a completed application. If an investigation has not been concluded within 180 days after the date of submission of a completed application, the department shall inform the applicant in writing of the status of the investigation and shall also provide the applicant with an estimated date on which the investigation may reasonably be expected to be concluded.

(b) If denial of the application, or approval of the license with restrictions or conditions on the license, is recommended, the chief shall prepare and file with the commission his or her written reasons upon which the recommendation is based.

- (1) Prior to filing his or her recommendation with the commission, the chief shall meet with the applicant, or the applicant's duly authorized representative, and inform him or her generally of the basis for any proposed recommendation that the application be denied, restricted, or conditioned.

(2) Not less than 10 business days prior to the meeting of the commission at which the application is to be considered, the department shall deliver to the applicant a summary of the chief's final report and recommendation.

(3) This section requires the department neither to divulge to the applicant any confidential information received from any law enforcement agency or any information received from any person with assurances that the information would be maintained confidential, nor to divulge any information that might reveal the identity of any informer or jeopardize the safety of any person.

(c) If a restriction or condition on the license is recommended, the chief shall prepare and file with the commission his or her written reasons upon which the recommendation is based.

(1) Prior to filing his or her recommendation with the commission, and not less than 10 business days prior to the meeting of the commission at which the application is to be considered, the chief shall inform the applicant in writing generally of the basis for any proposed recommendation that the application be restricted or conditioned, including the legal and factual grounds on which the recommendation is based.

(2) This section does not require the department to divulge to the applicant any confidential information received from any law enforcement agency or any information received from any person with assurances that the information would be maintained confidential, or to divulge any information that might reveal the identity of any informer or jeopardize the safety of any person.

(d) A recommendation of denial of an application shall be without prejudice to a new and different application filed in accordance with applicable regulations.

*(Amended by Stats. 2009, Ch. 233, Sec. 8. (AB 293) Effective January 1, 2010.)*

**19869.** A request for withdrawal of an application may be made at any time prior to a final action upon the application by the commission by the filing of a written request to withdraw with the department. The commission shall not grant the request unless the applicant has established that withdrawal of the application would be consistent with the public interest and the policies of this chapter. If a request for withdrawal is denied, the department may go forward with its investigation and make a recommendation to the commission upon the application, if applicable, and the commission may act upon the application as if no request for withdrawal had been made. If a request for withdrawal is granted with prejudice, the applicant thereafter shall be ineligible to submit or renew its application until the expiration of one year from the date of the withdrawal. Unless the commission otherwise directs, any application fee or other payment relating to any application is not refundable by reason of withdrawal of an application.

*(Amended by Stats. 2021, Ch. 45, Sec. 3. (AB 120) Effective January 1, 2022.)*

**19870.** (a) The commission, after considering the recommendation of the chief and any other testimony and written comments as may be presented at the meeting, or as may have been submitted in writing to the commission prior to the meeting, may deny the application, grant a license to an applicant who it determines to be qualified to hold the license, or refer the application to an evidentiary hearing.

(b) When the commission grants an application for a license or approval, the commission may limit or place restrictions on the license or approval as it may deem necessary in the public interest, consistent with the policies described in this chapter.

(c) If, during a meeting, the commission denies an application, denies approval, or approves with limits, restrictions, or conditions, the action shall be stayed for a period of 30 days after the meeting, during which the applicant may request an evidentiary hearing. If the applicant does not file a request for an evidentiary hearing within 30 days, the action of the commission taken at the meeting is final. If the applicant waives the right to hearing and assents to the action of the commission in writing, upon receipt of the waiver by the commission, the action shall no longer be stayed. If the applicant files a timely request for an evidentiary hearing, the action shall be vacated and the application shall be reviewed de novo at the evidentiary hearing.

(d) When an application is denied after an evidentiary hearing, the commission shall prepare and file a detailed statement of its reasons for the denial.

(e) All proceedings relating to an application at a meeting of the commission or at an evidentiary hearing shall be recorded stenographically or by audio or video recording.

(f) A decision of the commission after an evidentiary hearing, denying a license or approval, or imposing any condition or restriction on the grant of a license or approval may be reviewed by petition pursuant to Section 1085 of the Code of Civil Procedure. Section 1094.5 of the Code of Civil Procedure does not apply to any judicial proceeding held to consider that petition, and the court may grant the petition only if the court finds that the action of the commission was arbitrary and capricious, or that the action exceeded the commission's jurisdiction.

*(Amended by Stats. 2021, Ch. 45, Sec. 4. (AB 120) Effective January 1, 2022.)*

**19871.** (a) An evidentiary hearing described in Section 19870 shall be conducted in accordance with regulations of the commission and as follows:



(1) Oral evidence shall be taken only upon oath or affirmation.

(2) Each party shall have all of the following rights:

(A) To call and examine witnesses.

(B) To introduce exhibits relevant to the issues of the case.

(C) To cross-examine opposing witnesses on any matters relevant to the issues, even if the matter was not covered on direct examination.

(D) To impeach any witness, regardless of which party first called the witness to testify.

(E) To offer rebuttal evidence.

(3) If the applicant does not testify on their own behalf, the applicant may be called and examined as if under cross-examination.

(4) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence may be considered, and is sufficient in itself to support a finding, if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule that might make improper the admission of that evidence over objection in a civil action.

(b) This section does not confer upon an applicant a right to discovery of the department's investigative reports or to require disclosure of any document or information the disclosure of which is otherwise prohibited by any other provision of this chapter.

*(Amended by Stats. 2021, Ch. 45, Sec. 5. (AB 120) Effective January 1, 2022.)*

**19872.** (a) No member of the commission may communicate ex parte, directly or indirectly, with any applicant, or any agent, representative, or person acting on behalf of an applicant, upon the merits of an application for a license, permit, registration, or approval while the application is being investigated by the department or pending disposition before the department or the commission.

(b) No applicant, or any agent, representative, or person acting on behalf of an applicant, and no person who has a direct or indirect interest in the outcome of a proceeding to consider an application for a license, permit, registration, or approval may communicate ex parte, directly or indirectly, with any member of the commission, upon the merits of the application while the application is being investigated by the department or pending disposition before the department.

(c) No employee or agent of the department, applicant, or any agent, representative, or person acting on behalf of an applicant, and no person who has a direct or indirect interest in the outcome of a proceeding to consider an application for a license, permit, registration, or approval may communicate ex parte, directly or indirectly, with any member of the commission, upon the merits of the application, while the application is pending disposition before the commission.

(d) The receipt by a member of the commission of an ex parte communication prohibited by this section may provide the basis for disqualification of that member or the denial of the application. The commission shall adopt regulations to implement this subdivision.

(e) For the purposes of this subdivision, "ex parte" means a communication without notice and opportunity for all parties to participate in the communication.

(f) Nothing in this section precludes a communication made on the record at a public hearing on a properly agendaized matter.

*(Amended by Stats. 2013, Ch. 352, Sec. 47. (AB 1317) Effective September 26, 2013. Operative July 1, 2013, by Sec. 543 of Ch. 352.)*

**19873.** No license may be assigned or transferred either in whole or in part.

*(Added by renumbering Section 19859 by Stats. 2002, Ch. 738, Sec. 58. Effective January 1, 2003.)*

**19874.** Subject to subdivision (b) of Section 19851, the commission shall issue and deliver to the applicant a license entitling the applicant to engage in the activity for which the license is issued, together with an enumeration of any specific terms and conditions of the license if both of the following conditions have been met:

(a) The commission is satisfied that the applicant is eligible and qualified to receive the license.

(b) All license fees required by statute and by regulations of the commission have been paid.

*(Added by renumbering Section 19860A by Stats. 2002, Ch. 738, Sec. 59. Effective January 1, 2003.)*

**19875.** An owner's gambling license shall be posted at all times in a conspicuous place in the area where gambling is conducted in the establishment for which the license is issued until it is replaced by a succeeding license.

*(Added by renumbering Section 19861 by Stats. 2002, Ch. 738, Sec. 60. Effective January 1, 2003.)*

**19876.** (a) Subject to the power of the commission to deny, revoke, suspend, condition, or limit a license, as provided in this chapter, a license shall be valid for a period of two years from the date of issuance.

(b) An application for renewal of a gambling license shall be filed by the owner-licensee or key employee with the department no later than 120 calendar days prior to the expiration of the current license. The commission shall act upon an application for renewal prior to the date of expiration of the current license. Upon renewal of an owner license, the commission shall issue an appropriate renewal certificate or validating device or sticker.

(c) Notwithstanding subdivision (b), if an applicant has submitted an application for renewal prior to the original expiration date of the current license and the commission is unable to act on the application prior to the expiration date, the commission may extend the current license for up to 180 days.

(d) In addition to the penalties provided by law, an owner-licensee who deals, operates, carries on, conducts, maintains, or exposes for play a gambling game after the expiration date of the gambling license is liable to the state for all license fees and penalties that would have been due upon renewal.

(e) If an owner-licensee fails to renew the gambling license as provided in this chapter, the commission may order the immediate closure of the premises and a cessation of all gambling activity within the premises until the license is renewed.

(f) If an owner-licensee applicant submits an application for renewal of the gambling license after the deadline described in subdivision (b) but before the original expiration date of the license, the commission may assess reasonable delinquency fees not to exceed three times the usual application fee.

*(Amended by Stats. 2023, Ch. 302, Sec. 5. (AB 1271) Effective January 1, 2024.)*

**19876.5.** If an applicant has submitted an application for renewal prior to the original expiration date of a work permit or finding of suitability and the commission is unable to act on the application prior to the expiration date, the commission may extend the current work permit or finding of suitability for up to 180 days. The commission may adopt regulations to provide for the extension of other approvals.

*(Added by Stats. 2021, Ch. 553, Sec. 3. (SB 819) Effective January 1, 2022.)*

**19877.** The failure of an owner licensee to file an application for renewal before the date specified in this chapter may be deemed a surrender of the license. A license has not been renewed within the meaning of this section until all required renewal fees have been paid.

*(Added by renumbering Section 19862.5 by Stats. 2002, Ch. 738, Sec. 62. Effective January 1, 2003.)*

**19878.** (a) Neither an owner licensee, nor a California affiliate of an owner licensee, shall enter into, without prior approval of the commission, any contract or agreement with a person who is denied a license, or whose license is suspended or revoked by the commission, or with any business enterprise under the control of that person, after the date of receipt of notice of the commission's action.

(b) An owner licensee or an affiliate of the owner licensee shall not employ, without prior approval of the commission, any person in any capacity for which that person would be required to be licensed, if the person has been denied a license, or if their license has been suspended or revoked after the date of receipt of notice of the action by the commission. Neither an owner licensee, nor a California affiliate of an owner licensee, without prior approval of the commission, shall enter into any contract or agreement with a person whose application has been withdrawn with prejudice, or with any business enterprise under the control of that person, for the period of time during which the person is prohibited from filing a new application for licensure.

(c) (1) If an employee who is required to be licensed pursuant to this chapter fails to apply for a license within the time specified by regulation, is denied a license, or has their license revoked by the commission, the employee shall be terminated in any capacity in which they are required to be licensed and they shall not be permitted to exercise a significant influence over the gambling operation, or any part thereof, upon being notified of that action.

(2) If an employee who is required to be licensed pursuant to this chapter has their license suspended, the employee shall be suspended in any capacity in which they are required to be licensed and shall not be permitted to exercise a significant influence over the gambling operation, or any part thereof, during the period of suspension, upon being notified of that action.

(3) If the owner licensee designates another employee to replace the employee whose employment was terminated, the owner licensee shall promptly notify the department and shall require the newly designated employee to apply for a license.

(d) An owner licensee or an affiliate of the owner licensee shall not pay to a person whose employment has been terminated pursuant to subdivision (c) any remuneration for any service performed in any capacity in which the person is required to be licensed except for amounts due for services rendered before the date of receipt of notice of the commission's action. Neither an owner

licensee, nor an affiliate thereof, during the period of suspension, shall pay to a person whose employment has been suspended pursuant to subdivision (c), any remuneration for any service performed in any capacity in which the person is required to be licensed, except for amounts due for services rendered before the date of receipt of notice of the commission's action.

(e) Except as provided in subdivision (c), a contract or agreement for the provision of services or property to an owner licensee or an affiliate thereof, or for the conduct of any activity at a gambling establishment, which is to be performed by a person required by this chapter or by regulations adopted pursuant to this chapter, to be licensed, shall be terminated upon a suspension or revocation of the person's license.

(f) In any case in which a contract or agreement for the provision of services or property to an owner licensee or an affiliate thereof, or for the conduct of any activity at a gambling establishment, is to be performed by a person required by this chapter or by regulations adopted by the commission to be licensed, the contract shall be deemed to include a provision for its termination without liability on the part of the owner licensee or its duly registered holding company upon a suspension or revocation of the person's license. In any action brought by the department or commission to terminate a contract pursuant to subdivision (c) or (e), it shall not be a defense that the agreement does not expressly include the provision described in this subdivision, and the lack of express inclusion of the provision in the agreement shall not be a basis for enforcement of the contract by a party thereto.

(g) (1) The commission may, at its discretion, not apply the provisions of subdivision (a), (b), or (d), or paragraph (1) of subdivision (c) when the person who has been denied a license was denied that license solely due to the person's failure to clearly establish eligibility and qualification for licensure as described in subdivision (a) of Section 19859.

(2) Paragraph (1) shall not apply if additional grounds for denial of the license existed, whether or not those grounds were formally provided as the reason for the denial.

*(Amended by Stats. 2024, Ch. 138, Sec. 2. (SB 1519) Effective January 1, 2025.)*

**19879.** With regard to a person who has had their application for a license denied by the commission, all of the following shall apply:

(a) Except as provided in subdivision (c), the person shall not be entitled to profit from any investment in any business entity that has applied for or been granted a state license.

(b) The person shall not retain any interest in a business entity described in subdivision (a) beyond that period prescribed by the commission.

(c) The person shall not accept more for their interest in a business entity described in subdivision (a) than they paid for it, or the market value on the date of the denial of the license or registration, whichever is higher.

(d) Nothing in this section shall be construed as a restriction or limitation on the powers of the commission specified in this chapter.

(e) (1) The commission may, at its discretion, not apply the provisions of this section when the person who has been denied a license was denied that license solely due to the person's failure to clearly establish eligibility and qualification for licensure as described in subdivision (a) of Section 19859.

(2) Paragraph (1) shall not apply if additional grounds for denial of the license existed, whether or not those grounds were formally provided as the reason for the denial.

*(Amended by Stats. 2024, Ch. 138, Sec. 3. (SB 1519) Effective January 1, 2025.)*