CALIFORNIA GAMBLING CONTROL COMMISSION

SPECIFIC LANGUAGE OF PROPOSED REGULATIONS

EQUIPMENT APPROVAL; REQUIREMENTS; STANDARDS OF PLAY; AUDITS
CGCC-GCA-2009-04-E

TITLE 4. BUSINESS REGULATIONS.
DIVISION 18. CALIFORNIA GAMBLING CONTROL COMMISSION.

CHAPTER 8. BINGO.

ARTICLE 1. DEFINITIONS AND GENERAL PROVISIONS.

§12480. Definitions.

(a) Except as otherwise provided in Section 12002 and subsection (b) of this regulation, the definitions in Business and Professions Code section 19805 and Penal Code section 326.3 and 326.5 (p)(3)(B), shall govern the construction of this chapter.

(b) As used in this chapter:

(1) "Administrative duties" include, but are not limited to, activities relating to planning, organizing, directing, controlling, and budgeting remote caller bingo games.

~~(2) "Authorized organization" means a charitable organization or association recognized by the Commission as meeting all of the requirements of paragraphs (1) through (5) of subdivision (b) of section 326.3 of the Penal Code~~.

(2) "Automatic daubing" or "auto daub" means the input or recording, by any means or in any manner, of any number or symbol announced by a live caller in the play of any bingo game, into a card-minding device without manual action of the player.

(3) "Bingo equipment" includes, but is not limited to, any card-minding device; the point of sale system for card-minding devices; all network and telecommunications equipment used to communicate from the calling station to card-minding devices; the calling station and all related equipment; the main flashboard and all related equipment, the balls, the verifier, and the game pacer used in the playing of remote caller bingo games.

(4) "Bingo supplies" include, but are not limited to, any bingo paper or cards, daubers, and related supplies used in the playing of remote caller bingo games.

(5) "Caller" means an individual who is a member of an authorized organization

present at a live remote caller bingo game site who announces the numbers or symbols from randomly drawn plastic balls.

(6) "Check" means a negotiable instrument drawn against deposited funds, to pay a specified amount of money to a specific person upon demand.

(~~6~~ 7) "Distributor" means any person that directly or indirectly does the following:

(A) Distributes; supplies; vends; leases; or otherwise provides supplies, services, or equipment used in a remote caller bingo game.

(B) Distributes; supplies; vends; leases; or otherwise provides card-minding devices in this state, or for use in this state; including the supplying, repairing, and servicing if authorized by the manufacturer.

(C) Performs any of the functions listed in subparagraphs (A) or (B) in a location outside of this state, with respect to remote caller bingo equipment and supplies or card-minding devices intended for operation in this state.

(~~7~~ 8) "Employee" means an individual who may be a volunteer or may be paid a reasonable fee for the performance of duties in any of the following categories on behalf of an authorized organization:

(A) Administrative;

(B) Financial;

(C) Managerial;

(D) Security; or

(E) Technical~~;~~.

(~~8~~ 9) "Fiduciary" means an individual who is designated in writing by an authorized organization to manage the finances of the organization's remote caller bingo operation for the benefit of the organization rather than the benefit of the designated individual, exercising the highest level of good faith, loyalty, and diligence.

(~~9~~ 10) "Financial duties" include, but are not limited to, cashiering, accounts payable and receivable, payroll processing, maintaining financial accounting books and records, and financial analysis.

(11) "Game" is defined as beginning when the first ball or number symbol is called and ends when all succeeding balls or number symbols are returned to the cage or blower

and the machine has been cleared. A game may have two or more parts with different winning patterns for each part.

(~~10~~12) "Game pacer" means an electrical or electronic device that is set to a predetermined interval establishing the timing of bingo calls. The game pacer may be a separate device or may be incorporated into the bingo calling station.

(13) "Host site" means the location at which the live bingo game is conducted and the transmission of the remote caller bingo game originates.

(14) "Interim approval" means:

(A) Approval by the Commission of a card-minding device for use in the play of any bingo game based on a certification from the manufacturer, pursuant to Section 12486, that the device complies in all respects with the provisions of Penal Code section 326.5, subdivision (p), paragraphs (1) and (2), including the requirement that the device be both portable and hand-held.

(B) Approval by the Commission, pursuant to Section 12488, of any bingo or remote caller bingo equipment or supplies used in the play and transmission of any remote caller bingo game.

(~~11~~15) "Interim license" means a license issued by the Commission pursuant to ~~article~~ Section 12492 or Section 12498 that allows the following:

(A) A fiduciary, site manager, or caller of an authorized organization to conduct remote caller bingo games; or

(B) An owner-licensee of a manufacturing or distributing business to provide remote caller bingo equipment and supplies or card-minding devices in this state.

(~~12~~16) "Interim work permit" means a card, certificate, or permit issued by the Commission pursuant to ~~this article~~ Section 12501 that authorizes the holder to participate in the operation of remote caller bingo games and be employed by an authorized organization conducting those games. The capacity of employment is limited to the following categories:

(A) Administrative;

(B) Financial;

(C) Managerial;

(D) Security; or

(E) Technical.

(~~13~~17) "Managerial duties" include, but are not limited to, the oversight and supervision of remote caller bingo games.

(~~14~~18) "Manufacturer" means any person that directly or indirectly does one of the following:

(A) Manufactures~~;~~, distributes~~;~~, supplies~~;~~, vends~~;~~, leases~~;~~, or otherwise provides bingo equipment, supplies, or services~~, or equipment~~ used in a remote caller bingo game.

(B) Manufactures~~;~~, distributes~~;~~, supplies~~;~~, vends~~;~~, leases~~;~~, or otherwise provides card-minding devices, ~~in this state, or for use in this state;~~ including the assembly, production, programming, or modification~~, inspection, testing, refurbishing, repairing, supplying, servicing, or storing~~ of card-minding devices, in this state or for use in this state.

(C) Performs any of the functions listed in subparagraphs (A) or (B) in a location outside of this state, with respect to remote caller bingo equipment and supplies or card-minding devices intended for operation in this state.

(~~15~~19) "Member" means an individual who belongs to an authorized organization conducting remote caller bingo games.

(20) "Modification" means a change or alteration in card-minding device software that affects the manner or mode of play of the device.

(21) "Net receipts" means the total revenue from all activities connected with participation in a game of remote caller bingo after costs and expenses are deducted.

(22) "Nonrecurring capital acquisition" means any money, property, or equipment acquired in a single transaction.

(23) "Organization" or "Authorized Organization," means an organization that is exempt from the payment of the bank and corporation tax by Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or 23701w of the Revenue and Taxation Code; a mobile home park association; a senior citizens organization; or a charitable organization affiliated with a school district.

(~~16~~24) "Owner" means an individual, corporation, limited liability company, partnership, trust, joint venture, association, or any other ~~owner~~ entity that has 10 percent or more interest in or has the power to exercise significant influence over a manufacturer or distributor business.

(~~17~~25) "Owner-licensee" means an individual, corporation, limited liability company, partnership, trust, joint venture, association, or any other owner of a manufacturing or distributing business that holds a manufacturer or distributor interim license issued by the Commission.

(~~18~~26) "Point of sale system" means a financial interface software system used to track ~~sales~~ transactions involving card-minding devices and customer accounts.

(27) "Profit" means the gross receipts collected from one or more bingo games, less reasonable sums necessarily and actually expended for prizes, licensing fees, overhead costs, and other allowable expenses.

(28) "Progressive prize" means any prize that increases or accumulates as consecutive remote caller bingo games are played.

(29) "Record" includes, but is not limited to, ledgers and accounts relating to inventory, proceeds, expenditures, and the distribution of all profits derived from remote caller bingo games.

(30) "Recognized organization" means an organization recognized by the Commission pursuant to Section 12504.

(31) "Regular approval" means:

(A) Approval by the Commission of a card-minding device for use in the play of any bingo game based on a finding that the device complies in all respects with the provisions of Penal Code section 326.5, subdivision (p), paragraphs (1) and (2), including the requirement that the device be both portable and hand-held, and any specific additional criteria established by the Commission in regulation;

(B) Approval by the Commission of any bingo or remote caller bingo equipment or supplies used in the play and transmission of any remote caller bingo game based on a finding that the equipment and supplies comply in all respects with any specific standards and testing procedures for the approval of equipment or supplies established by the Commission in regulation.

(~~19~~ 32) "Regular license" means a license issued by the Commission pursuant to the provisions of ~~this article~~ Section 12498, section 326.3(p)(1) of the Penal Code, and any specific additional licensing criteria established by the Commission in regulation.

(~~20~~33) " Regular work permit" means any card, certificate, or permit issued by the Commission pursuant to provisions of ~~this article~~ Section 12501, section 326.3(p)(1) of the Penal Code, and any additional specific criteria established by the Commission in regulation authorizing the holder to participate in the operation of remote caller bingo games and be employed by an authorized organization conducting those games. The capacity of employment is limited to the following categories:

(A) Administrative;

(B) Financial;

(C) Managerial;

(D) Security; or

(E) Technical.

(34) "Remote caller bingo equipment" includes, in addition to the equipment specified in paragraph (3), all network, video, audio and telecommunications equipment used for the purpose of transmitting the play of a bingo game from a host site to one or more satellite sites.

(35) "Satellite site" means the location at which the transmission of the live bingo game from a host site is received.

(~~21~~36) "Security duties" include, but are not limited to, physically safeguarding the authorized organization's patrons, staff, assets, and property, including the site's surrounding area and parking facility.

(37) "Site" means the property owned or leased by the licensee, or property whose use is donated to the licensee and which property is used by such licensee for performance of the charitable purpose for which the organization is organized.

(~~22~~38) "Site manager" means an individual who is a member of an authorized organization who is present at any remote caller bingo game and is responsible for the game conduct, staff, and patrons present at the site.

(~~23~~39) "Sponsor" means an authorized organization conducting remote caller bingo games, which has met the requirements of section 326.3(b)(1) of the Penal Code.

(~~24~~40) "Technical duties" include, but are not limited to, providing expertise related to the maintenance, repair and operation of bingo equipment, including but not limited to, the application of scientific, engineering, or design principles related to the transmission

and reception of remote caller bingo games.

(41) "Vendor" means, for purposes of section 326.3 of the Penal Code, a manufacturer, as defined in paragraph (18), or a distributor, as defined in paragraph (7).

Note: Authority cited: Sections 19850.5, and 19850.6, Business and Professions Code; Sections 326.3 and 326.5, Penal Code. Reference: Sections 19850.5, and 19850.6, Business and Professions Code; Sections 326.3 and 326.5, Penal Code.

ARTICLE 2. BINGO EQUIPMENT, DEVICES, AND SUPPLIES.

§12486. Approval of Card-Minding Devices.

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~~(f) For the purposes of Penal Code section 326.5 and as used in this chapter:~~

~~(1) "Automatic daubing" or "auto daub" means the input or recording, by any means or in any manner, of any number or symbol announced by a live caller in the play of any bingo game, into a card-minding device without manual action of the player.~~

~~(2) "Interim approval" means approval by the Commission of a card-minding device for use in the play of any bingo game based on a certification from the manufacturer that the device complies in all respects with the provisions of Penal Code section 326.5, subdivision (p), paragraphs (1) and (2), including the requirement that the device be both portable and hand-held.~~

~~(3) "Regular approval" means approval by the Commission of a card-minding device for use in the play of any bingo game based a finding that the device complies in all respects with the provisions of Penal Code section 326.5, subdivision (p), paragraphs (1) and (2), including the requirement that the device be both portable and hand-held, and any specific additional criteria established by the Commission in regulation.~~

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§ 12488. Approval of Remote Caller Bingo Equipment.

(a) This section does not apply to card-minding devices.

(b) Beginning on the effective date of these regulations, any equipment used in the conduct of remote caller bingo must be approved by the Commission in advance. An interim approval process is established to further the legislative intent of avoiding delays in implementing the California Remote Caller Bingo Act, as expressed in Section

19850.6 of the Business and Professions Code. Until such time as the Commission establishes specific standards and testing procedures for the approval of remote caller bingo equipment, such equipment shall be approved on an interim basis pursuant to this section.

(c) At least 30 days prior to conducting a remote caller bingo game, an organization that conducts or cosponsors the game must submit a written list to the Commission of all equipment to be used, including any equipment used in the transmission of the game. The list must include the make and model number of the equipment to be used and, to the extent feasible, the manufacturer, distributor or vendor from which the item was purchased, leased or otherwise acquired. Equipment lists shall only be accepted from authorized organizations, as defined in this chapter. Unless disapproved by the Executive Director, the equipment listed on the equipment list shall be deemed approved 30 days after the submission date.

(d)(1) Any equipment purchased, leased or otherwise acquired after the effective date of this section, except for audio and video technology used to transmit a live bingo game from a host site to a satellite site, must be manufactured by a licensed manufacturer and distributed through a licensed distributor.

(2) Any audio and video technology used to transmit a live bingo game from a host site to a satellite site purchased after the effective date of these regulations must either:

(A) Be manufactured by a licensed manufacturer and distributed through a licensed distributor; or

(B) Be commercially available and able to send the transmission of the live bingo game from the host site to any and all satellite sites in a manner that is secure, accurate, and simultaneous.

(e) Any approval received pursuant to this section is subject to the following conditions:

(1) An interim approval shall be valid for one year from the date it is granted or until regulations specifying additional standards and requirements for the approval and testing of remote caller bingo equipment become effective, whichever is later.

(2) An interim approval does not obligate the Commission to grant a regular approval and does not create a vested right to either an extension of the interim approval or to the

granting of a subsequent regular approval.

(3) Issuance of an interim approval for bingo equipment has no bearing on whether the equipment will meet standards later established by the Commission.

Note: Authority cited: Section 19850.6, Business and Professions Code; and Section 326.3(s).
Reference: Section 19850.6, Business and Professions Code; and Section 326.3(s), Penal Code.

ARTICLE 5. REMOTE CALLER BINGO REQUIREMENTS; STANDARDS OF PLAY.

§12508. Requirements for Organizations.

The following requirements shall apply to organizations that conduct Remote Caller Bingo:

(a) An organization conducting remote caller bingo shall have been incorporated or in existence for three (3) years or more.

(b) An organization conducting remote caller bingo shall hold a license issued by the local jurisdiction that authorizes the organization to conduct a remote caller bingo game within that jurisdiction.

(c) The operation of remote caller bingo may not be the primary purpose for which the organization is organized.

(d) The receipts of the game shall be used only for charitable purposes. The organization conducting the game shall determine the disbursement of the net receipts of the game.

(e) Each organization that conducts or cosponsors a remote caller bingo game shall maintain full and accurate records of the income received and expenses disbursed in connection with the operation, conduct, promotion, supervision, and any other related activity of remote caller bingo games. Such records shall be maintained in accordance with generally accepted principles of accounting.

(f) Organizations shall retain records in connection with the remote caller bingo game within California for five (5) years.

(g) Organizations shall make and maintain all books, accounts, and other records in English.

(h) Organizations authorized to conduct remote caller bingo shall provide copies of the records pertaining to those games to the Commission within 30 days after the end of each calendar quarter.

(i) The records kept by the organization for the remote caller bingo games conducted, shall be audited by an independent California certified public accountant at least annually, and copies of the reports shall be provided to the Commission within 120 days after the close of the organization's fiscal year.

(j) An organization authorized to conduct remote caller bingo games shall provide the Commission with at least 30 days advance written noticed of its intent to conduct those games. The notice shall include all of the following:

(1) The legal name of the organization and the address of record of the agent upon who legal notice may be served.

(2) The locations of the caller and remote players, whether the property is owned by the organization or donated, and if donated, by whom.

(3) The name of the licensed caller and site manager.

(4) The names of administrative, managerial, technical, financial, and security personnel employed.

(5) The name of the vendor and any person or entity maintaining the equipment used to operate and transmit the game.

(6) The name of the person designated as having a fiduciary responsibility for the game.

(7) The license numbers of all persons who are required to be licensed.

(8) A copy of the local ordinance for the counties in which the game will be played.

Note: Authority cited: Sections 19850.5 and 19850.6, Business and Professions Code; Section 326.3, Penal Code. Reference: Sections 326.3(b), 326.3(i)(4), 326.3(r), and 326.3(v)(2), Penal Code.

§ 12510. Cosponsor Requirements.

The following requirements related to cosponsor agreements shall be in place for each remote caller bingo game.

(a) Except as provided in subsection (b), an organization shall not cosponsor a remote caller bingo game with one or more other organizations unless one of the following is true:

(1) All of the cosponsors are affiliated under the master charter or articles and bylaws of a single organization.

(2) All of the cosponsors are affiliated through an organization described in Penal Code section 326.3(b)(1), and have the same Internal Revenue Service activity code.

(b) No more than ten (10) unaffiliated organizations may enter into a cosponsor agreement and the remote caller bingo game shall not have more than ten (10) locations.

(c) An organization shall not conduct remote caller bingo more than one day per week.

(d) Copies of cosponsor agreements shall be forwarded to the Commission ten (10) days before sponsoring or operating any remote caller bingo game.

(e) Cosponsor agreements shall contain language requiring the cosponsors to comply with the standards of play adopted by the organization.

(f) Cosponsor agreements shall contain language requiring the cosponsors to comply with any regulations adopted by the Commission.

Note: Authority cited: Sections 19850.5 and 19850.6, Business and Professions Code; Section 326.3, Penal Code. Reference: Section 326.3(n), Penal Code.

§12511. Standards of Play for Remote Caller Bingo.

(a) Prior to conducting a remote caller bingo game, the organization shall submit to the Commission the controls, methodology, and standards of game play, including the equipment used to select bingo numbers and create or originate cards, control or maintenance, distribution to participating locations, and distribution to the players.

(b) The controls, methodologies, and standards shall be subject to prior approval by the Commission, provided that controls shall be deemed approved by the Commission after 90 days from the date of submission unless disapproved.

(c) No person may operate, supervise, or staff a remote caller bingo game unless that person is a member of the authorized organization or they have been approved by the Commission to work in an administrative, managerial, technical, financial, or security personnel capacity.

(d) The following standards related to the location of play shall be in place for each remote caller bingo game.

(1) A remote caller bingo game shall not include any site that is not located within the state of California.

(2) Games shall be conducted only on property that is owned or leased by the organization or donated to the organization.

(3) Games are to be open to the public, not just to the members of the authorized organization.

(e) The following standards related to bingo prizes shall be in place for each remote caller bingo game.

(1) Every game shall be played until a winner is declared.

(2) Prizes awarded during the conduct of any remote caller bingo game shall not exceed 37 percent of the gross receipts for that game.

(3) Progressive prizes are prohibited.

(4) To claim a prize a player must present a covered or marked tangible card.

(5) Prizes are to be paid only by check. Organizations may issue a check to the winner at the time of the game, or may send a check to the declared winner by US Postal Service certified mail, return receipt requested.

(6) The declared winner of a remote caller bingo game shall provide his or her identifying information and mailing address to the onsite manager of the remote caller bingo game.

(7) Prize money exceeding state and federal exemption limits shall be subject to income tax reporting and withholding and shall be forwarded, within ten business days, to the appropriate state or federal agency on behalf of the winner.

(f) The following standards related to players shall be in place for each remote caller bingo game.

(1) No persons under the age of 18 shall be allowed to participate.

(2) No more than 750 players per site may participate in a game, unless the Governor of California or the President of the United States declares a state of emergency in response to a natural disaster and the net proceeds of the games are donated to or expended exclusively for the relief of the victims of the disaster, in which case the organization must advise the Commission in writing at least ten days prior to conducting the game.

(3) No person shall be allowed to participate unless the person is physically present at the time and place where the remote caller bingo game is being conducted.

(4) A player shall not use a card-minding device unless the device is both portable and hand-held.

(g) The following standards related to game play shall be in place for each remote caller bingo game.

(1) Electronics or video displays shall not be used in connection with the game of bingo, except in connection with the caller's drawing of numbers or symbols and the public display of that drawing, or Commission-approved card-minding devices.

(2) The drawing of each ball bearing a number or symbol shall be visible to all players as the ball is drawn, including through simultaneous live video feed at remote locations.

(3) Any game interrupted by a transmission failure, electrical outage, or act of God shall be considered void in the location that was affected. A refund for a canceled game or games shall be provided to the purchasers.

(4) The winning cards shall not be known prior to the game by any person participating in the playing or operation of the bingo game.

(5) All preprinted cards shall bear the legend, "For sale or use only in a bingo game authorized under California law and pursuant to local ordinance."

Note: Authority cited: Sections 19850.5 and 19850.6, Business and Professions Code; Section 326.3, Penal Code. Reference: Sections 326.3(f), (g), (h), (i)(1)-(3), (j)(1), (m), (o), (t)(3)-(4), Penal Code; and Section 6500 Family Code.

ARTICLE 6. ACCOUNTING AND FINANCIAL REPORTING.

§ 12514. Audits.

(a) The Commission shall have the authority to conduct audits of any organization engaged in the conduct or cosponsoring of remote caller bingo to ensure compliance with Section 326.3 of the Penal Code. The audit may be conducted at any time and prior notification is not required. No audit shall be conducted until on or after January 1, 2010.

(b) Each organization that conducts or cosponsors remote caller bingo shall allow the Commission complete access to all records, documents, and files in any form related to

the conduct or cosponsoring of remote caller bingo and to any personnel involved in the conduct or cosponsoring of remote caller bingo.

(c) The Commission shall have the authority to make copies of any and all documents deemed necessary by the auditor to substantiate audit findings.

(d) Pursuant to subdivision (c) of section 19821 of the Business and Professions Code, all information obtained by the Commission during an audit shall be exempt from disclosure.

(e) Each organization that conducts remote caller bingo shall contract with an independent California certified public accountant to conduct an audit of all records at least annually. Copies of the audit report shall be provided to the Commission within 120 days after the close of the organization's fiscal year.

Note: Authority cited: Section 19850.6, Business and Professions Code; and Section 326.3(v), Penal Code. Reference: Section 19821(c), Business and Professions Code; and Section 326.3(v), Penal Code.