



GAMBLING CONTROL COMMISSION

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**RE: REMOTE CALLER BINGO PROGRAM AND
BINGO CARD-MINDING DEVICE APPROVALS****TERMINATION OF THE REMOTE CALLER BINGO PROGRAM:**

The California Gambling Control Commission's (Commission) current funding authority for the Remote Caller Bingo Program, which is a loan from the Gambling Control Fund, and limited-term positions expire on June 30, 2011. Without that funding authority and those positions, the Commission cannot perform work related to the Remote Caller Bingo Program after that date. The Commission is not authorized under State law to use other funding sources to cover program costs. Due to the lack of funding, the Commission will be required to terminate its activities related to the Remote Caller Bingo Program effective July 1, 2011.

After more than two years of considerable effort to develop and implement a remote caller bingo program, it has been determined that the program is not fiscally viable as a state-run regulatory program. While the Legislature, in creating remote caller bingo, recognized a need to provide greater revenues for nonprofit organizations to enable them to fulfill their charitable purposes, it also provided that the program be self-supporting. Requiring the small number of organizations, businesses, and individuals that have thus far sought approval or licensure to bear the entire costs of the program would be overly burdensome and inconsistent with the express purpose of the program – to provide nonprofits with an additional method for fundraising to support the essential services they provide.

PENDING LEGISLATION:

SB 340 has been introduced by Senator Lois Wolk to allow for the continuation of the Remote Caller Bingo Program as a streamlined program regulated at the local level, just as traditional bingo is now regulated. If this bill becomes law, local jurisdictions would have the authority to approve and regulate remote caller bingo but would not be required to do so. SB 340, as amended on May 12, 2011, would eliminate the role of the Commission in the regulation of remote caller bingo, including the licensure of remote caller bingo, the approval of remote caller bingo equipment, and the approval of bingo card-minding devices. The bill would also require organizations eligible to conduct remote caller bingo to register annually with the Department of Justice. Commission staff have worked with Senator Wolk's office and other stakeholders to amend SB 340 to ensure continuity of remote caller bingo games during the transition to a locally regulated program by allowing the local licensing entity to recognize existing

Commission-issued licenses, work permits, and approvals in effect on June 30, 2011, until June 1, 2012. Interested parties are encouraged to monitor the status of the bill at www.leginfo.ca.gov.

EXISTING LICENSES, WORK PERMITS AND APPROVALS:

The intent of this letter is to describe the Commission's plan to ensure that we fulfill our legal and fiscal responsibilities related to remote caller bingo while allowing those activities which have been approved to continue. After the Commission's funding authority for remote caller bingo ends on June 30, 2011, organizations, businesses and individuals that hold Commission-issued licenses, permits and approvals as of that date may continue to operate under the authority of those licenses or permits until their expiration, or, until the effective date of SB 340, if it becomes law, whichever is sooner. If SB 340 becomes law, the local jurisdiction(s) within which the licensee or permittee operates may exercise their authority pursuant to the law to authorize continued operations of any license, work permit, or approval issued by the Commission and effective on June 30, 2011, but would be responsible for regulatory oversight and enforcement. Commission staff are contacting the jurisdictions in which remote caller bingo games are currently authorized and have been played to advise them of this plan so they can make whatever adjustments to their programs are necessary to ensure local oversight continues in an appropriate manner.

If a license or permit were to expire prior to the effective date of SB 340, the holder would no longer be authorized to engage in any activity which requires licensure, a work permit or approval. In an effort to avoid the potential disruption of the operation of remote caller bingo games, the Commission, at its June 16, 2011 meeting, will consider a staff recommendation to extend all licenses, permits and approvals in effect on June 30, 2011, to May 31, 2012. The recognitions of nonprofit organizations as being eligible to conduct remote caller bingo games do not expire; therefore, while these organizations would need to comply with the registration requirements specified in SB 340, extensions are not necessary or applicable to those recognitions issued by the Commission.

CARD-MINDING DEVICES:

Due to the previously described lack of funding, the Commission will also be required to terminate its activities related to the approval of bingo card-minding devices effective July 1, 2011. SB 340, in addition to the provisions related to remote caller bingo, will eliminate the Commission's oversight responsibilities for the approval of bingo card-minding devices and the licensing of bingo card-minding device manufacturers and distributors. Penal Code section 326.5 would no longer require Commission-approval of card-minding devices and the regulation of their use in bingo games would return to the discretion of the local jurisdictions. As with the other licenses, the Commission, at its June 16, 2011 meeting, will consider a staff recommendation to extend all card-minding manufacturer and distributor licenses in effect on June 30, 2011, to May 31, 2012. Since card-minding device approvals do not expire, extensions will not be necessary.

NEW AND PENDING APPLICATIONS:

The Commission will continue to take action on bingo-related matters at its scheduled June 16th and 30th meetings. After June 30, 2011, no further action on new or pending applications will be taken by the Commission. In order for bingo-related applications to be processed and scheduled for the June 30th meeting agenda, **any incomplete pending applications currently on file with the Commission must be completed no later than June 7, 2011**. Also, **any new applications must be received by the Commission no later than June 7, 2011, and must be complete when received**. Any application that is incomplete as of the close of business on June 7th, regardless of when it was received by the Commission, will not be processed or acted upon.

RECOGNIZED ORGANIZATIONS:

While the Commission's oversight of remote caller bingo itself will cease, nonprofit organizations conducting remote caller bingo games will continue to be responsible for the Indian Gaming Special Distribution Fund loan payments mandated by Penal Code section 326.4(d)(2). The payments must continue to be made to the Commission and are due no later than 30 days following the end of each calendar quarter in which any remote caller bingo game is played. The amount of each quarterly payment shall be 5 percent of the *gross* revenues of each remote caller bingo game played during the calendar quarter. For the purpose of calculating the amount of the payment, **"gross revenues" means all monies received, in any form (cash, check, credit, etc.), for each remote caller bingo game *before* any deduction is taken.**

QUESTIONS:

Questions concerning termination of the program may be directed to James B. Allen, Bingo Program Manager, either by telephone at (916) 263-4024, or by e-mail at jallen@cgcc.ca.gov.