

## **Title 11. Bureau of Gambling Control**

### **Proposed Regulations**

#### **Article 8 Nonprofit Organization Fundraisers**

##### **Section 2080. State Control of Nonprofit Organization Fundraisers.**

- (a) Pursuant to Business and Professions Code Section 19986(a) nonprofit organizations may hold a fundraiser using controlled games if such organization is registered with the Bureau at least 30 days prior to conducting a fundraiser event.
- (b) The nonprofit organization shall appoint a person, identified as the manager of the fundraiser to be responsible for ensuring compliance with Business and Professions Code Section 19986.
- (c) The nonprofit organization shall provide the name and title of a responsible fiduciary of the eligible nonprofit organization pursuant to Business and Professions Code Section 19986(e)(3). For the purpose of this regulation a fiduciary is defined as an individual with the legal authority and duty to make decisions regarding financial matters on behalf of the eligible nonprofit organization.
- (d) Eligible nonprofit organizations shall cooperate fully with any inquiry or investigation that may be undertaken by the Bureau to enforce the provisions of Business and Professions Code, Section 19986 or any other criminal statute.
- (e) Any person or entity defined in Business and Professions Code Section 19987(b) shall register with the Bureau annually to conduct business with nonprofit organizations.

Authority cited: Sections 19826(f), 19986(a), 19986(f), and 19987(a) of the Business and Professions Code. Reference: Sections 19826(a), 19986(a), 19986(f), 19986(j), and 19987(b) of the Business and Professions Code.

##### **Section 2082. Nonprofit Organization Fundraiser Event Defined.**

A Nonprofit Organization Fundraiser event is an event where participants play controlled games as defined in California Penal Code Section 337j(e)(1). Players wager and win imitation money, chips, or tokens, and no cash is wagered or won. Players may exchange imitation money for non-cash prizes or use it for a chance to “purchase” prizes at an auction. All prizes must be donated to the fundraiser.

Authority cited: Sections 19826(f), 19986(a), and 19986(f) of the Business and Professions Code. and California Penal Code Sections 330(a) and 337j(e)(1). Reference: Sections 19826(f), 19986(a), and 19986(f) of the Business and Professions Code and California Penal Code Sections 330(a) and 337j(e)(1).

##### **Section 2084. Registration of Nonprofit Organization Fundraiser.**

- (a) On and after January 1, 2007, no person, entity or nonprofit organization shall conduct a nonprofit organization fundraiser without a current and valid registration issued by the Bureau.

- (b) Qualified nonprofit organizations and persons or entities shall register with the Bureau at least 30 days prior to conducting any fundraising activity where controlled games will be utilized as a fundraising mechanism.
- (c) Eligible nonprofit organizations shall not conduct more than one fundraising event using controlled games per any one calendar year. Fundraising events using controlled games shall not exceed five consecutive hours. Eligible nonprofit organizations that have multiple chapters may hold one fundraising event using controlled games per chapter per calendar year. Each chapter shall register with the Bureau 30 days prior to conducting any fundraising event where controlled games will be offered.
- (d) For purposes of this regulation, a chapter is a discrete subdivision or member organization of an eligible nonprofit parent organization. To qualify as a chapter, which may hold a separate fundraiser using controlled games pursuant to Business and Professions Code section 19986 and these regulations; all of the following requirements must be met:
  - (1) A formal chapter structure must be set forth in the articles of incorporation, written by-laws, constitution, or other lawful foundational document of the parent organization;
  - (2) The chapter must have a separate governing body;
  - (3) The chapter holding a separate fundraiser using controlled games must separately comply with all of the requirements of Business and Professions Code section 19986 and these regulations, including but not limited to, the registration and record-keeping requirements set forth therein.
- (e) A registration certificate granted by the Bureau for a Nonprofit Organization to conduct a fundraising event utilizing controlled games is non-transferable.

Authority cited: Sections 19826(f), 19986(b), 19986(f), and 19987(a) of the Business and Professions Code. Reference: Sections 19986(b), and 19987(b) of the Business and Professions Code.

**Section 2086. Application for Nonprofit Organization Fundraiser Registration.**

- (a) An Application for Registration of Nonprofit Organization Fundraiser shall be submitted on BGC-SP. 001, which is hereby incorporated by reference.
- (b) The application for registration shall include all of the following:
  - (1) A check or money order payable to the California Department of Justice for a nonrefundable registration fee in the amount of:
    - \$25 for a nonprofit organization with gross annual revenue under \$25,000.
    - \$50 for a nonprofit organization with gross annual revenue that is \$25,000-\$100,000.

\$75 for a nonprofit organization with gross annual revenue that is \$100,000-\$250,000.

\$100 for a nonprofit organization with gross annual revenue that is in excess of \$250,000.

- (2) The name and address of the eligible nonprofit organization.
  - (3) One of the following: The federal tax identification number, corporate number issued by the California Secretary of State, organization number issued by the California Franchise Tax Board, or the California charitable trust identification number of the eligible nonprofit organization.
  - (4) A copy of a Certificate of Determination of Exemption from the Exemption Bureau of the State Franchise Tax Board showing exemption under Sections 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or 23701w of the Revenue and Taxation Code. Submission of Federal Internal Revenue Service documents or certification of federal 501 status is not required. These documents will not be accepted in lieu of a Certificate of Determination of Exemption issued by the California State Franchise Tax Board.
  - (5) Pursuant to section 2080(b), the name and title of the person identified as the manager of the fundraiser.
  - (6) Details specific to the nonprofit organization fundraiser event shall include the event date, event location, telephone number, and the specific hours that the gambling activity will take place.
  - (7) The types of gambling equipment that will be used and which controlled games will be played.
  - (8) The name and signature of the nonprofit organization's fiduciary.
- (c) An applicant for registration shall make full and true disclosure as required for the application and as requested by the Bureau to carry out the policies of this state relating to nonprofit organization fundraisers.

Authority cited: Sections 19826(f), 19986(e), 19986(f), 19986(h), and 19986(j) of the Business and Professions Code. Reference: Sections 19986(b), 19986(e), 19986(f), and 19986(j) of the Business and Professions Code.

### **Section 2088. Processing of Nonprofit Organization Fundraiser Application.**

- (a) To apply, the applicant must submit an Application for Registration of Nonprofit Organization Fundraiser (BGC-SP. 001) to the Bureau, no less than 30 days prior to the event and no more than six months in advance.
- (b) If a Nonprofit Organization Fundraiser application is incomplete, the Bureau Chief or designee shall request in writing any information needed in order to complete the application. The applicant shall be permitted 30 days in which to furnish the

information. If the applicant fails to respond to the request, the application shall be deemed abandoned and no further action will be taken.

- (c) Applications shall be submitted with an original hand signed signature of the nonprofit organization's fiduciary. Applications received with stamped or facsimile signatures will not be processed.
- (d) Upon determination that an application for registration is complete, the application shall be processed within 30 days. The Bureau Chief or designee shall either issue a certification letter of registration or notify the applicant of denial and the grounds pursuant to Section 2090.
- (e) If the applicant submits a request for withdrawal of the application to the Bureau, the application shall be deemed abandoned and no further action will be taken. Any deposit for registration made to the Bureau will be forfeited.

Authority cited: Sections 19826(f), 19986(b), and 19986(f) of the Business and Professions Code. Reference: Sections 19826(f), 19986(b), and 19986(f) of the Business and Professions Code.

### **Section 2090. Ineligibility of Nonprofit Organization for Registration.**

- (a) An applicant shall be ineligible for registration for any of the following causes:
  - (1) The nonprofit organization is not qualified to conduct business in California during the previous three (3) years prior to the event date.
  - (2) The nonprofit organization is not tax exempt pursuant to Sections 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or 23701w of the California Revenue and Taxation Code.
  - (3) The nonprofit organization fails to submit a copy of a Certificate of Determination of Exemption from the State Franchise Tax Board showing exemption under Sections 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or 23701w of the Revenue and Taxation Code.
- (b) A nonprofit organization fundraiser cannot be approved if:
  - (1) The nonprofit organization has previously held a fundraiser within the calendar year.
  - (2) Four fundraisers have been held within the calendar year, at the location requested for the fundraiser, unless the location is deemed rural and preapproved by the Bureau.
  - (3) It is determined that the games to be played do not fit the definition of a controlled game as defined by Penal Code section 337j(e)(1).

Authority cited: Sections 19826(f), 19986(f), and 19986(h) of the Business and Professions Code. Reference: Sections 19826(a), 19826(f), 19986(b), 19986(e), 19986(f), and 19986(h) of the Business and Professions Code.

## **Section 2092. Cancellation of Nonprofit Organization Fundraiser Registration.**

- (a) Any registration issued in accordance with these regulations shall be subject to cancellation pursuant to this section. A registration shall be cancelled if the Bureau determines the registrant is ineligible for registration, has failed in the application for registration to reveal any fact material to the nonprofit organization's qualification for registration, or has supplied information in the application for registration that is untrue or misleading as to a material fact pertaining to the criteria for issuance of registration; or any other reason deemed appropriate by the Bureau. Any act of misconduct under these regulations or any other California gambling law by the nonprofit organization or its representatives will be grounds for the cancellation of registration.
- (b) If the Bureau finds that any of the circumstances set forth in subsection (a) apply, the Bureau Chief or designee shall immediately notify the nonprofit organization and provide written notice to the nonprofit organization of the cancellation of the registration and the grounds thereof.

Authority cited: Sections 19826(f) and 19986(f) of the Business and Professions Code. Reference: Sections 19826(d), 19826(e), 19986(b), 19986(f) and 19986(i) of the Business and Professions Code.

## **Section 2094. Term of Nonprofit Organization Fundraiser Registration.**

Registration shall be valid for the nonprofit organization to conduct one nonprofit organization fundraiser event utilizing controlled games per calendar year.

Authority cited: Sections 19826(f), 19986(b), and 19986(f) of the Business and Professions Code. Reference: Sections 19986(b), 19986(f), and 19986(j) of the Business and Professions Code.

## **Section 2096. Display of Registration Certificate Nonprofit Organization.**

Any certification letter of registration granted by the Bureau to a nonprofit organization shall be posted in a conspicuous place in plain view and visible to the public within the facility where controlled games are being conducted.

Authority cited: Sections 19801(b), 19801(h), and 19986(f) of the Business and Professions Code. Reference: Sections 19826(f) and 19986 of the Business and Professions Code.

## **Section 2098. Application for Registration of Suppliers of Gambling Equipment and/or Services.**

- (a) Persons or entities (defined in Business and Professions Code Section, 19987 (b)) shall submit a completed Application for Registration to Provide Gambling Equipment and/or Services at Nonprofit Organization Fundraiser on BGC-SP. 002, which is hereby incorporated by reference.
- (b) The completed BGC-SP. 002 shall include a check or money order in the amount of \$100 made payable to the California Department of Justice for registration
- (c) Fees will be used to cover the cost of registration and administration of this program.

- (d) An applicant for registration shall make full and true disclosure as required for the application and as requested by the Bureau to carry out the policies of this state relating to nonprofit organization fundraisers.
- (e) The applicant shall maintain a valid business license.
- (f) The applicant shall maintain liability insurance.
- (g) At the request of the Bureau, Items (e) and (f) shall be made available for viewing.
- (h) A registration certificate granted by the Bureau to provide gambling equipment and/or services at nonprofit organization fundraisers is non-transferable.

Authority cited: Sections 19826(f), 19986(f), 19987(a), and 19987(b) of the Business and Professions Code. Reference: Sections 19986(f), 19987(a), and 19987(b) of the Business and Professions Code.

### **Section 2100. Processing of Suppliers of Gambling Equipment and/or Services Registration Application.**

- (a) To apply, the applicant must submit an Application for Registration to Provide Gambling Equipment and/or Services (BGC-SP. 002) to the Bureau, no less than 30 days prior to the first fundraising event at which equipment and/or services are being provided to a nonprofit organization.
- (b) If an application for registration is incomplete, the Bureau Chief or designee shall request in writing any information needed in order to complete the application. The applicant shall be permitted 30 days in which to furnish the information. If the applicant fails to respond to the request, the application shall be deemed abandoned and no further action will be taken.
- (c) Applications shall be submitted with an original hand signed signature. Applications received with stamped or facsimile signatures will not be processed.
- (d) Upon determination that an application for registration is complete, the application shall be processed within 30 days. The Bureau Chief or designee shall either issue the registration or notify the applicant of denial pursuant to Section 2102.
- (e) If the applicant submits a request for withdrawal of the application to the Bureau, the application shall be deemed abandoned and no further action will be taken. Any deposit for registration made to the Bureau will be forfeited.

Authority cited: Sections 19826(f), 19986(f), and 19987(a) of the Business and Professions Code. Reference: Sections 19986(b), 19986(f), 19987(a), and 19987(b) of the Business and Professions Code.

### **Section 2102. Ineligibility of Suppliers of Gambling Equipment and/or Services for Registration.**

An applicant shall be ineligible for registration for any of the following causes:

- (a) The supplier of gambling equipment and /or services does not hold a valid business license with a county or city in the State of California.
- (b) The supplier of gambling equipment and /or services does not have liability insurance.
- (c) Any misconduct under these regulations or any other California gambling law.
- (d) Conviction of a felony.
- (e) Conviction of a misdemeanor involving gambling law, dishonesty or moral turpitude within the last ten (10) years.

Authority cited: Sections 19826(f) and 19986(f) of the Business and Professions Code. Reference: Sections 19826(f), 19986(b), and 19986(f) of the Business and Professions Code.

### **Section 2104. Cancellation of Supplier of Gambling Equipment and/or Services Registration.**

- (a) Any registration issued in accordance with these regulations shall be subject to cancellation pursuant to this section. A registration shall be cancelled if the Bureau determines the registrant is ineligible for registration, has failed to provide information, documentation, and assurances required by this chapter or requested by the Bureau 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.
- (b) If the Bureau finds that any of the circumstances set forth in subsection (a) apply, the Bureau Chief or designee shall immediately notify the supplier of gambling equipment and/or services and if applicable the nonprofit organization, and provide written notice to the supplier of gambling equipment and/or services of the cancellation of the registration and the grounds thereof.

Authority cited: Sections 19826(f), 19986(f), 19987(a), and 19987(b) of the Business and Professions Code. Reference: Sections 19826(d), 19826(e), 19986(f), 19986(i), 19987(a), and 19987(b) of the Business and Professions Code.

### **Section 2106. Term of Registration Suppliers of Gambling Equipment and/or Services.**

Registration shall be valid for the suppliers of gambling equipment to provide equipment and/or services to qualified nonprofit organization's fundraiser events for one calendar year, January 1 through December 31.

Authority cited: Sections 19826(f), 19986(f), 19987(a), and 19987(b) of the Business and Professions Code. Reference: Sections 19986(f), 19987(a), and 19987(b) of the Business and Professions Code.

### **Section 2108. Display of Registration Certificate Suppliers of Gambling Equipment and/or Services.**

Any registration certificate granted by the Bureau to the nonprofit organization and the supplier of gambling equipment and/or services shall be prominently displayed at the

fundraiser in plain view and visible to the public within the facility where controlled games are being conducted.

Authority cited: Sections 19801(b), 19801(h), and 19986(f) of the Business and Professions Code. Reference: Sections 19826(f) and 19986 of the Business and Professions Code.

### **Section 2110. General Requirements.**

A nonprofit organization fundraising event must be conducted in accordance with the following requirements:

- (a) Only those types of controlled games as defined by Penal Code Section 337j(e)(1) for which the registration was issued shall be conducted during the fundraising event. Other state and local laws apply to other types of charitable fundraisers such as Bingo and Raffles.
- (b) The fundraising event shall be conducted only at the location for which the registration certificate was issued and by the nonprofit organization granted the registration.
- (c) Before conducting a fundraising event, the nonprofit organization shall develop rules governing the type of controlled games to be conducted during the event. The rules must identify amount of the entry fee, value assigned to the imitation money, amount distributed to each participant, and the method for awarding prizes.
- (d) The use of any slot machine or other unlawful gambling device, as defined by Penal Code Section 330b or 330.1, shall be prohibited at any charitable fundraising event.
- (e) Imitation money may be issued only during the charitable fundraising event, and the imitation money may not be redeemed for cash by any patron after the charitable fundraising event has ended.
- (f) No cash, currency, or other form of consideration may be used during the fundraiser event except for imitation money as provided for in the fundraising event rules.
- (g) No cash prizes or wagers may be awarded to participants. An individual may not be awarded any prize that exceeds a cash value of five hundred dollars (\$500). For each event, the total cash value of all prizes awarded to all participants shall not exceed five thousand dollars (\$5,000).
- (h) A prize may not be awarded in connection with the fundraiser to a person who was not present at the event and did not personally make the wager or personally obtain a prize.
- (i) A person under the age of twenty-one (21) may not assist in operating or managing a nonprofit organization fundraiser event nor participate as a player in such fundraiser event.

- (j) These regulations pertaining to nonprofit organization fundraisers do not apply to licensed California gambling establishments.

Authority cited: Sections 19826(f), 19986(b), 19986(f), 19986(c), 19986(k), and 19986(n) of the Business and Professions Code and California Penal Code Sections 330(a) and 337j(e)(1). Reference: Sections 19801(b), 19801(h), 19986(b), 19986(f), 19986(c), 19986(k), and 19986(n) of the Business and Professions Code and California Penal Code Sections 330(a) and 337j(e)(1).

### **Section 2112. Problem Gambling.**

Nonprofit organizations must prominently post problem gambling informational signs or make problem gambling brochures available at each entrance and exit of their fundraiser event location. These signs or brochures shall be provided by the Bureau, free of charge, and will contain the toll-free self-help number for problem gamblers.

Authority cited: Sections 19801(b), 19801(h), 19826(f) and 19986(f) of the Business and Professions Code. Reference: Sections 19801(b), 19801(h), 19826(f) and 19986(f) of the Business and Professions Code.

### **Section 2114. Record Reporting.**

Pursuant to Business and Professions Code Section 19986(g) nonprofit organizations shall maintain records that include the following:

- (a) The aggregate gross receipts from the operation of a nonprofit organization fundraiser using controlled games.
- (b) The aggregate direct costs incurred by the eligible nonprofit organization from the operation of a nonprofit organization fundraiser using controlled games.
- (c) The charitable or beneficial purposes for which 90% of the proceeds of the nonprofit organization fundraiser using controlled games were used, or identify the eligible recipient organization to which proceeds were directed, and the amount of those proceeds.
- (d) At the conclusion of a nonprofit organization fundraiser using controlled games a report of items required by subsections (a), (b), and (c), shall be submitted in writing to the Bureau of Gambling Control within sixty (60) days after the fundraiser is conducted.

Authority cited: Sections 19826(f), 19986(f), and 19986(g) of the Business and Professions Code. Reference: Sections 199826(c), 19826(d), 19826(e), and 19986(g) of the Business and Professions Code.

### **Section 2116. Records Retention.**

Pursuant to Business and Professions Code Section 19986(g) nonprofit organizations must maintain specific records for each fundraiser. These records shall be maintained for a period of five (5) years following the fundraiser event and made available to the Bureau upon request.

Authority cited: Sections 19826(f), 19986(f), and 19986(g) of the Business and Professions Code. Reference: Sections 199826(c), 19826(d), 19826(e), and 19986(g) of the Business and Professions Code.