

CITY OF LOS ANGELES BINGO ORDINANCE

ARTICLE 4.5 – BINGO

Los Angeles Municipal Code
(Added by Ord. No. 149,992, Eff. 9/1/77)

SEC. 44.50. AUTHORITY FOR ENACTMENT:

This Article is enacted pursuant to the authority contained in Article IV, Section 19 of the Constitution of the State of California and Section 326.5 of the Penal Code of the State of California.

SEC. 44.51. LICENSE REQUIRED: (Amended by Ord. No. 154,612, Eff. 12/18/80)

It is unlawful to conduct or play a game of bingo in the City of Los Angeles without a valid bingo license issued pursuant to this Article.

SEC. 44.52. AUTHORITY TO ISSUE LICENSE AND PRESCRIBE RULES AND REGULATIONS:

The Police Department shall have the authority, pursuant to this Article and applicable state law, to issue licenses for games of bingo by organizations exempted from the payment of the bank and corporation tax by Sections 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, and 23701h of the Revenue and Taxation Code and by mobile home park associations and senior citizens organizations. (First Sentence Amended by Ord. No. 171,262, Eff. 10/4/96.) Said Department shall enforce the provisions of this Article and shall have authority to promulgate and administer rules to implement the regulations of bingo in the City of Los Angeles. Such rules shall be submitted to and approved by the City Council.

SEC. 44.53. REGULATION OF GAMES: (Amended by Ord. No. 154,612, Eff. 12/18/80)

All bingo games, and all activities in connection therewith shall be conducted in accordance with the provisions of Section 326.5 of the Penal Code of the State of California, as amended.

SEC. 44.54. HEARINGS – SUBPOENAS (Added by Ord. No. 151,921, Eff. 3/4/79.)

- (1) Any hearing conducted to determine whether a bingo license or bingo supplier license shall be revoked or suspended or an application therefor denied shall be conducted pursuant to the provisions of Section 102.10 of the Los Angeles Municipal Code. (Amended by Ord. No. 164,083, Eff. 11/6/88.)
- (2) The Board of Police Commissioners, or any person designated thereby to conduct a hearing referred to in Subsection (1) of this section, is authorized and empowered to compel the attendance of witnesses and the production of evidence by subpoena at such hearing. The Board of Police Commissioners, or any person designated thereby to conduct such hearing, shall also obtain issuance and service of a subpoena upon written request of any party to the hearing. (First and Second Sentences Amended by Ord. No. 171,262, Eff. 10/4/96) Such request shall be accompanied by an affidavit stating the name and address of any proposed witness and, in the event the attendance of such witness is sought in connection with the production of evidence, the exact nature of the evidence sought to be produced, the materiality of such evidence to the issues involved in the hearing and a statement that the witness has the desired things in his or her possession or control. The City Clerk, upon demand of Board of Police Commissioners or person designated to conduct such hearing, shall issue a subpoena in the name of the City of Los Angeles directing the appearance of the witness and/or the production of the evidence at the time and place specified in the subpoena. (Last Sentence Amended by Ord. No. 171,262, Eff. 10/4/96.)

SEC. 44.55 IMPOSITION OF BINGO LICENSE FEES
(Amended by Ord. No. 171,475, Eff. 2/13/97, Oper. 1/1/97.)

- (1) A fifty-dollar (\$50) license fee shall be paid upon application for a bingo license or upon annual renewal thereof. In the event an application for license is denied, one-half of the fee shall be refundable to the applicant. A bingo license shall be valid for a period of one year. An additional fee for law enforcement and public safety costs incurred by the City shall be collected monthly by the City of Los Angeles. The fee shall be computed as follows: Each licensee shall pay a monthly fee equal to .922% (.00922) of the total amount paid out in bingo prizes for that month in excess of \$2,000. The above fee shall be adjusted, if necessary, in order to recover the City's administrative costs, and adopted in the same manner as provided in section 12.37-I, 1 of the Los Angeles Municipal Code for establishing fees.
- (2) A one hundred dollar (\$100) license fee shall be paid upon application for a bingo supplier license or upon annual renewal thereof.

SEC. 44.56. LICENSING OF BINGO SUPPLIERS: (Added by Ord. No. 164,083, Eff. 11/6/88)

- (1) The Police Department shall have the authority to license businesses which provide bingo supplies or equipment to organizations licensed to play bingo in the City of Los Angeles and to promulgate and administer rules and regulations with respect to the licensing of such organizations. **(First Sentence Amended by Ord. No. 171,262, Eff. 10/4/96.)** Such rules shall be submitted to and approved by the City Council.
- (2) No person shall engage in, conduct, manage or carry on the business of selling, or sell, bingo supplies or equipment to any organization licensed to play bingo in the City of Los Angeles without a license for such purpose issued by the Police Department. **(Amended by Ord. No. 171,262, Eff. 10/4/96.)**

SEC. 44.57. PURCHASE OF BINGO SUPPLIES OR EQUIPMENT: (Added by Ord. No. 164,083, Eff. 11/6/88)

No person shall purchase bingo supplies or equipment for use by an organization licensed to conduct bingo in the City of Los Angeles from any vendor not licensed pursuant to the provisions of Section 44.56 and applicable rules and regulations.

DEFINITIONS

"BINGO" Shall mean a game of chance in which prizes are awarded on the basis of designated numbers or symbols on a card, which conform to numbers or symbols selected at random. The game of bingo shall also include cards having numbers or symbols, which are concealed and preprinted in a manner providing for distribution of prizes.

"DEPARTMENT" Shall mean the Los Angeles Police Department.

"MEMBER" Means an individual who is an officer or has membership in the nonprofit organization whether pursuant to its Articles of Incorporation, Constitution, Charter or other instrument of formation or association, its Bylaws or other written instrument formally adopted pursuant thereto.

"BINGO SESSION" Shall mean a single gathering at which a series of successive bingo games is played.

"SENIOR CITIZEN ORGANIZATION" Shall mean any organization whose members are at least 50 years of age.

"RECREATIONAL PURPOSES" Shall mean the playing of bingo where no bingo card shall exceed the cost of .25¢; no person may purchase more than six bingo cards during any bingo session; no person may play more than six bingo cards during any game; all prizes shall be limited to goods and gift certificates only; and no prize or prizes awarded during any bingo game shall exceed the retail cash value of \$5. (Amended 12/27/78 & 9/25/79)

**CITY OF LOS ANGELES
BINGO
RULES AND REGULATIONS**

DEFINITIONS:

“BINGO” Shall mean a game of chance in which prizes are awarded on the basis of designated numbers or symbols that are marked or covered by the player on a tangible card in the player’s possession and that conform to numbers or symbols, selected at random and announced by a live caller. The game of bingo shall include tangible cards having numbers or symbols that are concealed and preprinted in a manner providing for distribution of prizes.

“REMOTE CALLER BINGO GAME” Shall mean a game of bingo, as defined in subdivision (o) of Section 326.5 of the Penal Code, in which the numbers or symbols on randomly drawn plastic balls are announced by a natural person present at the site at which the live game is conducted, and the organization conducting the bingo game uses audio and video technology to link any of its in-state facilities for the purpose of transmitting the remote calling of a live bingo game from a single location to multiple locations owned, leased or rented by that organization, or as described in subdivision (o) of Section 326.3 of the Penal Code.

“DEPARTMENT” Shall mean the Los Angeles Police Department.

“MEMBER” Means an individual who is an officer or has membership in the nonprofit organization whether pursuant to its Articles of Incorporation, Constitution, Charter or other instrument of formation or association, its Bylaws or other written instrument formally adopted pursuant thereto.

“BINGO SESSION” Shall mean a single gathering at which a series of successive bingo games is played.

“SENIOR CITIZEN ORGANIZATION” Shall mean any organization whose members are at least 50 years of age.

“RECREATIONAL PURPOSES” Shall mean the playing of bingo where no bingo card shall exceed the cost of .25¢; no person may purchase more than six bingo cards during any bingo session; no person may play more than six bingo cards during any game; all prizes shall be limited to goods and gift certificates only; and no prize or prizes awarded during any bingo game shall exceed the retail cash value of \$5. (Amended 12/27/78 & 9/25/79)

BINGO LICENSE

1. No organization shall conduct a bingo game unless it is in possession of a valid bingo license issued by the Department.

2. An eligible organization may apply to the Department for a license to conduct a bingo game(s). The application shall be on forms provided by the Department and shall be filed not less than 60 days before the date on which the game is to be played or the series of games is to commence.

The Board of Police Commissioners, or designee thereof, shall approve or deny the application for license within a reasonable time after receipt of said application.

A bingo license application may be denied if:

(a) All requirements of Section 326.5 of the Penal Code of the State of California are not met.

(b) The use of the premises, as applied for, violates Zoning, Building and Safety, Fire, or applicable Public Safety Laws and Regulations or Bingo Rules and Regulations adopted pursuant to Chapter IV, Article 4.5 of the Los Angeles Municipal Code.

Upon approval or denial of said license, the applicant shall be notified in writing.

3. At the time of filing application for a bingo license or upon renewal thereof, a fee of fifty dollars (\$50) shall be paid. One-half of such fee shall be refundable to any organization denied a bingo license. A bingo license shall be valid for a period of one year.

An additional fee for law enforcement and public safety costs incurred by the City shall be collected monthly by the City of Los Angeles. The fee shall be computed as follows: Each licensee shall pay a monthly fee equal to .922% (.00922) of the total amount paid out in bingo prizes for that month in excess of \$2,000. Such fee shall be paid no later than the 15th day of each month for the prior calendar month. The above fee shall be adjusted, if necessary, in order to recover the city's administrative costs, and adopted in the same manner as provided in section 12.37-1, 1 of the Los Angeles Municipal Code for establishing fees.

4. If a member of an eligible organization applying for a license has been convicted of violating Sections 326.3 or 326.5 of the Penal Code, the provisions of the Los Angeles City Bingo Ordinance, or the provisions of any ordinance adopted by a City or County of the State of California pursuant to Section 19 of Article IV of the State Constitution, or has been convicted of any crime involving the theft of money and/or property, said member shall have no control over the operation or participate in the staffing of the authorized bingo game(s) or the disposition of proceeds derived therefrom.

5. An applicant organization denied the issuance of a bingo license, or a person denied the issuance of a bingo supplier license, may file a notice of appeal with the Department within ten days after the date of notification of said denial. The notice of appeal shall set forth in detail the grounds upon which the appeal is based. (Amended 12/13/88)

Within 15 days after receipt of the notice of appeal, a hearing officer designated by Department shall conduct a hearing to receive testimony and evidence regarding the appeal. At the appeal hearing the applicant organization may present testimony and examine witnesses in support of its contention that said application should not be denied. The hearing officer shall submit a report and recommendation to the Department for final determination within thirty days after conclusion of the hearing. (Amended 8/28/78)

The Department shall notify the appellant as to the final determination within ten days after receipt of the hearing officer's report and recommendation.

6. A license shall not be transferable from one organization to another or from one location to another.

CONDUCT OF GAMES:

7(a). Bingo may only be conducted between the hours of 12:00 noon and 12:00 midnight. A licensee shall not conduct bingo more than three days per week. No bingo session shall exceed six continuous hours and not more than one bingo session shall be permitted in one day by any one licensee. A licensee authorized to conduct remote caller bingo games by the California Gambling Control Commission shall conduct such games in accordance with Penal Code Section 326.3. Remote caller bingo games must not be conducted more than one day per week.

7(b). A licensee may not conduct an additional bingo session(s) at any location where three sessions have already been authorized to be conducted at that site that week. For these purposes, a week begins on Sunday. (Amended 6/21/83)

7(c). A licensee shall conduct no more than 40 games during a bingo session. (Amended 9/20/88)

7(d). A licensee shall permit no more than 350 people to play bingo at a bingo session. Except a licensee authorized to conduct remote caller bingo games by the California Gambling Control Commission shall not permit more than 750 players to participate in a remote caller bingo game in a single location.

7(e). A licensee authorized to conduct remote caller bingo games must lawfully play such games in accordance with the provisions of Penal Code Sections 326.3 and 326.4, including the following:

- (1) The game may be conducted only by the following organizations:
 - (A) An organization that is exempted 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.
 - (B) A mobilehome park association.
 - (C) A senior citizens organization.
 - (D) Charitable organizations affiliated with a school district.
- (2) The organization conducting the game shall have been incorporated or in existence for three years or more.
- (3) The organization conducting the game shall be licensed pursuant to subdivision (l) of Penal Code Section 326.5.
- (4) 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.
- (5) The operation of bingo may not be the primary purpose for which the organization is organized.

8. No person shall either serve or consume alcoholic beverages within the room(s) where bingo is being played during the hours of operation of any bingo game(s).

9. No person under the age of 18 years shall operate or participate in any bingo game.

10. Bingo license, Rules and Regulations provided by the Department, and the licensee's rules of bingo operation shall at all times be posted conspicuously at the public entrance to the room in which bingo is played. The posted rules shall be readable, legible, and accessible to all participants.

11. A member of the licensee organization shall be designated as "Bingo Manager." The Bingo Manager shall be responsible for the conduct and operation of the bingo game(s) and for the compliance with all applicable laws, rules and regulations promulgated thereunder.

The Bingo Manager shall be present at all times during the playing of any bingo game.

12. All staff members of a bingo game shall wear on their outside clothing an identification insignia or badge, no less than 2 1/2" x 3 1/2" in dimension, indicating the name of the organization and the name and title of the staff member.

13. The total value of prizes available to be awarded during the conduct of any bingo game shall not exceed five hundred (\$500) in the aggregate in cash or kind, or both, for each separate game which is held. Except the value of prizes awarded during the conduct of any remote caller bingo game shall not exceed 37 percent of the gross receipts for that game in accordance with Penal Code Section 326.3. Every remote caller bingo game shall be played until a winner is declared and progressive prizes are prohibited.

14. Prior to commencing each game the prize shall be announced and a facsimile of the type of game(s) to be played shall be clearly displayed to all participants.

15. All prizes shall be awarded immediately following each bingo game.

16. All games shall be completed during each session.

17. Bingo numbers selected in each game shall be announced to all players and be displayed in full view of all players. An adequate public address system shall be utilized.

18. Equipment used and the method of playing bingo shall be such that each card shall have an equal opportunity to win each game.

18(a). Players who are physically present at a bingo game may use hand-held, portable card-minding devices, as described in paragraph (1) of subdivision (p) of Penal Code Section 326.5, to assist in monitoring the numbers or symbols announced by a live caller as those numbers or symbols are called in a live game. The card-minding devices must be in conformity with requirements of Penal Code Section 326.5 and be approved by the California Gambling Control Commission before it can be used in a bingo game.

ADVERTISING

19. Any advertising or publicity for bingo shall include reference to the valid bingo license number issued by the Department.

FINANCIAL RECORDS

20(a). All bingo sales shall be recorded on a cash register that features a non-resettable grand total. The cash register tape shall be kept for not less than three years. A cash register shall not be required for any licensee with average gross receipts under \$50,000 per month during the preceding twelve months. (Added 7/1/90)

20(b). At least two members of the licensed organization shall jointly count all bingo proceeds. Such proceeds shall be deposited in a special bingo account the next banking day.

21. All funds from bingo games shall be deposited into a special bingo bank account identified on the licensee's application and shall not be commingled with any other funds.

Funds deposited in such special bank account may, however, be transferred to another account or fund of the licensee organization or to another account or fund of any other organization or entity associated or affiliated therewith for purposes of implementing charitable expenditures of bingo proceeds, provided, (1) no monies from any source other than bingo proceeds are placed in such fund; (2) the purpose of such fund is clearly designated as part of the title or subtitle of the fund and in the books and records of the organization; (3) expenditures therefrom for such purpose are permitted under the provisions of Section 326.5 of the Penal Code of the State of California. No person shall play the game(s) of bingo on credit. (Amended 2/5/81)

22. All disbursements from the special bingo bank account shall be by consecutively numbered checks signed by two authorized officers of the licensee and shall be payable to a specific individual or organization. There shall be written on each check the nature of the expenditure for which the check is drawn. No check shall be drawn to "cash" other than for the purpose of depositing such cash in a petty cash fund established and maintained for the payment of incidental bingo expenses. Such checks shall in that event be marked "for deposit to the petty cash fund." Such petty cash fund shall not at any time contain more than twenty-five dollars (\$25) and a receipt shall be obtained for each disbursement, indicating the amount of cash disbursed, the individual or organization receiving the cash disbursement and the purpose for which the disbursement is made. (Amended 2/5/81)

23. On or before the 15th of each month, the licensee shall report on forms prescribed by the Department an accounting of all receipts and expenditures for the prior calendar month.

Bingo financial records, including all books and records of the licensee or any other organization or entity associated or affiliated with the licensee for purposes of disbursing charitable expenditures of bingo proceeds, shall at all times be available for inspection by the Department. (Amended 2/5/81)

COMPLAINTS

24. The Department shall serve as the City's agency to receive and investigate complaints regarding bingo.

VIOLATIONS

25. A license may be suspended or revoked if the licensee or any of its officers, agents or employees has: (1) knowingly made any false, misleading or fraudulent statement of material fact in the application or in any record or

report, or (2) violated any of the provisions of the City of Los Angeles Bingo Ordinance, Rules and Regulations, or cease and desist order issued or promulgated thereunder, or (3) violated Penal Code Sections 326.3 or 326.5, or (4) violated any other applicable law.

Whenever the Department determines, pursuant to the above, that the licensee is operating or conducting a bingo game in violation of any provision of law, the Board of Police Commissioners, or any person designated, thereof, shall have the authority to suspend or to revoke the license and to cause an order to issue to the licensee to immediately cease and desist from further operation of any bingo game. Notice of any such intended suspension or revocation shall be served upon the licensee by serving a copy thereof to the licensee or occupant at the address set forth in the license as the permitted location designated for conducting bingo games by said licensee. On the same day of such service, the Department shall cause a copy of said order to be deposited into the United States mail addressed to the licensee at the address set forth on the license.

A notice of intended suspension or revocation shall state the basis thereof, the date upon which it shall become effective, shall notify the licensee of the right to a hearing thereon, and shall inform the licensee of the procedure for requesting such a hearing. The notice shall state that failure to request a hearing in writing within a 10-day period from the date of posting and mailing, shall result in either a suspension of the license or a revocation thereof as designated in the notice.

Any request by the licensee for a hearing, shall be submitted in writing to the Board of Police Commissioners and state the specific ground(s) upon which the licensee contends that the license should not be suspended or revoked. In the event of the receipt of such a request, the Board of Police Commissioners, or designee shall set the matter for hearing at a date not less than 10 days or no more than 15 days after the receipt of said request, and the effective date of the suspension or revocation shall be postponed until after the conclusion of said hearing and the determination thereon.

The Board of Police Commissioners shall notify the licensee of the hearing date by mail immediately upon the setting of said date. The Board of Police Commissioners or designee shall conduct the hearing.

In the event of a hearing as provided for hereinabove all witnesses shall testify under oath. The licensee shall be afforded the opportunity to be heard, to defend itself or its practices, to introduce exhibits and other evidence and call upon and examine witnesses in its own behalf of its representatives, and to cross-examine witnesses.

In the event the Department determines after a hearing that a license should be neither suspended nor revoked, it may nevertheless condition the continued operation thereunder as in its exercise of reasonable and sound discretion it shall determine.

Any such hearing as provided for hereinabove, may be continued by mutual consent of the licensee and the hearing officer from time to time upon good cause being shown therefor.

In the event a hearing is not requested by the licensee, the Board of Police Commissioners, or designee shall issue the final order after the close of said 10-day period. A copy of said final order shall be mailed to the organization affected by the order, within five days after the determination. The determination shall be final and conclusive.

Upon demand, the bingo license shall be returned to the Department.

An organization which has had a license revoked shall not be eligible to receive another license until the expiration of 12 months following the date of revocation.

26. An authorized representative of the Department that observes the operation of a game, and determines that bingo played under a license issued by the Department is not being played according to the laws of the State of California, City of Los Angeles Bingo Ordinance or any Rule or Regulation promulgated thereunder, may issue an order to immediately cease and desist such violation. Said order shall be served in writing upon the Bingo Manager in charge of the game at the time the violation is observed, and shall set forth the nature of the violation. Failure of the Bingo Manager to cease such violation promptly may result in the revocation of the license.

27. No person shall interfere with, prevent, or refuse to permit a duly authorized representative of the Department, or Fire Department, Department of Building and Safety, or any peace officer to make an examination or inspection of the premises of an applicant or licensee used for bingo games, whether or not the premises or any part thereof are being used at said time for the conduct or operation of such game(s).

SENIOR CITIZENS

28. The provisions of Sections 326.3 and 326.5 of the Penal Code and the Rules regulating the playing of bingo in the City of Los Angeles shall apply to the playing of bingo by any senior citizen organization except as provided below:

(a) All senior citizen organizations playing bingo for recreational purposes shall be exempt from the payment of bingo license fees.

(b) Senior citizen organizations playing bingo for recreational purposes may be granted bingo licenses for periods up to three years. Such organizations shall conduct bingo only between 9:00 a.m. and 5:00 p.m. and shall not conduct bingo more than 3 days per week nor shall any bingo session exceed six continuous hours. (Amended 9/20/88)

Such organizations shall not be required to comply with Rule 12 of departmental Rules regulating bingo.

SUPPLIERS

29. Applications for bingo supplier licenses shall be on forms provided by the Department. The Board of Police Commissioners, or designee thereof, shall approve or deny each application within a reasonable time after receipt of the application. (Added 12/13/88)

30. A bingo supplier license shall be valid for a period of one year. A fee of one hundred dollars (\$100) shall be paid to the City at the time of filing an application for a bingo supplier license or an application for renewal thereof. (Added 12/13/88)

31. The Department shall make an investigation of each bingo supplier license applicant and shall verify that:

(a) The applicant has received and understands the requirements of Penal Code Section 326.3 and 326.5, Los Angeles Municipal Code Article 4.5, and City of Los Angeles Bingo Rules.

(b) Neither the applicant nor any of its agents or employees has violated Penal Code Section 326.3 or 326.5, Los Angeles Municipal Code Article 4.5, or City of Los Angeles Bingo Rules.

(c) The statements made on the application are true. (Added 12/13/88)

32. The Department shall issue a bingo supplier license to the applicant when the requirements of Rule 31 have been met. Where a requirement is not met, the Department may deny a bingo supplier license to the applicant. A person denied a bingo supplier license may appeal pursuant to Bingo Rule 5. (Added 12/13/88)

33. It shall be the responsibility of each licensed bingo supplier to notify the Department in writing of all agreements with organizations conducting bingo in the City of Los Angeles. (Added 12/13/88)

34. Each licensed bingo supplier shall maintain and keep records relating to each occasion upon which bingo supplies or equipment are provided to organizations conducting bingo in the City of Los Angeles. Such records shall include a complete and true description of the bingo supplies or equipment provided, including serial numbers, and shall be available at all times to the Department for inspection and copying. (Added 12/13/88)

35. A bingo supplier license may be suspended or revoked if the licensee or any of its officers, agents or employees has: (1) knowingly made any false or misleading statement in the application or in any record or report, or (2)

violated any of the provisions of the City of Los Angeles Bingo Ordinance or Rules, or (3) violated Penal Code Section 326.5, or (4) violated any other applicable law.

A bingo supplier license suspension or revocation proceeding shall be conducted in the same manner as a bingo license revocation proceeding, pursuant to Bingo Rule 25, and the same requirements with respect to notice and request for hearing set forth in Rule 25 shall apply to the suspension or revocation of a bingo supplier license.

Upon demand, a bingo supplier license shall be returned to the Department.

A bingo supplier who has had a license revoked shall not be eligible to receive another license until the expiration of 12 months following the date of revocation. (Added 12/13/88)

36. An authorized representative of the Department who observes that a licensed bingo supplier is not providing supplies or equipment according to the laws of the State of California, the City of Los Angeles bingo ordinance, bingo rules, or other applicable laws, may issue an order to immediately cease and desist such violation. Said order shall be served in writing upon the bingo supplier licensee at the time the violation is observed, and shall set forth the nature of the violation. Failure of the bingo supplier licensee to cease such violation promptly may result in revocation of the license. (Added 12/13/88)

**STATE OF CALIFORNIA
BINGO LAW**

SEC. 6. Section 326.5 of the Penal Code is amended to read:

326.5. (a) Neither the prohibition on gambling in this chapter nor in Chapter 10 (commencing with Section 330) applies to any bingo game that is conducted in a city, county, or city and county pursuant to an ordinance enacted under Section 19 of Article IV of the State Constitution, if the ordinance allows games to be conducted only in accordance with this section and only by organizations exempted from the payment of the bank and corporation tax by Sections 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701w, and 23701 of the Revenue and Taxation Code and by mobile home park associations, senior citizens organizations, and school districts; and if the receipts of those games are used only for charitable purposes.

(b) It is a misdemeanor for any person to receive or pay a profit, wage, or salary from any bingo game authorized by Section 19 of Article IV of the State Constitution. Security personnel employed by the organization conducting the bingo game may be paid from the revenues of bingo games, as provided in subdivisions (j) and (k).

(c) A violation of subdivision (b) shall be punishable by a fine not to exceed ten thousand dollars (\$10,000), which fine is deposited in the general fund of the city, county, or city and county that enacted the ordinance authorizing the bingo game. A violation of any provision of this section, other than subdivision (b), is a misdemeanor.

(d) The city, county, or city and county that enacted the ordinance authorizing the bingo game may bring an action to enjoin a violation of this section.

(e) No minors shall be allowed to participate in any bingo game.

(f) An organization authorized to conduct bingo games pursuant to subdivision (a) shall conduct a bingo game only on property owned or leased by it, or property whose use is donated to the organization, and which property is used by that organization for an office or for performance of the purposes for which the organization is organized. Nothing in this subdivision shall be construed to require that the property owned or leased by, or whose use is donated to, the organization be used or leased exclusively by, or donated exclusively to, that organization.

(g) All bingo games shall be open to the public, not just to the members of the authorized organization.

(h) A bingo game shall be operated and staffed only by members of the authorized organization that organized it. Those members shall not receive a profit, wage, or salary from any bingo game. Only the organization authorized to conduct a bingo game shall operate such a game, or participate in the promotion, supervision, or any other phase of a bingo game. This subdivision does not preclude the employment of security personnel who are not members of the authorized organization at a bingo game by the organization conducting the game.

(i) No individual, corporation, partnership, or other legal entity, except the organization authorized to conduct a bingo game, shall hold a financial interest in the conduct of a bingo game.

(j) With respect to organizations exempt from payment of the bank and corporation tax by Section 23701d of the Revenue and Taxation Code, all profits derived from a bingo game shall be kept in a special fund or account and shall not be commingled with any other fund or account. Those profits shall be used only for charitable purposes.

(k) With respect to other organizations authorized to conduct bingo games pursuant to this section, all proceeds derived from a bingo game shall be kept in a special fund or account and shall not be commingled with any other fund or account. Proceeds are the receipts of bingo games conducted by organizations not within subdivision

(j). Those proceeds shall be used only for charitable purposes, except as follows:

(1) The proceeds may be used for prizes.

(2) (A) Except as provided in subparagraph (B), a portion of the proceeds, not to exceed 20 percent of the proceeds before the deduction for prizes, or two thousand dollars (\$2,000) per month, whichever is less, may be used for the rental of property and for overhead, including the purchase of bingo equipment, administrative expenses, security equipment, and security personnel.

(B) For the purposes of bingo games conducted by the Lake Elsinore Elks Lodge, a portion of the proceeds, not to exceed 20 percent of the proceeds before the deduction for prizes, or three thousand dollars (\$3,000) per month, whichever is less, may be used for the rental of property and for overhead, including the purchase of bingo equipment, administrative expenses, security equipment, and security personnel. Any amount of the proceeds that is additional to that permitted under subparagraph (A), up to one thousand dollars (\$1,000), shall be used for the purpose of financing the rebuilding of the facility and the replacement of equipment that was destroyed by fire in 2007. The exception to subparagraph (A) that is provided by this subparagraph shall remain in effect only until the cost of rebuilding the facility is repaid, or January 1, 2019, whichever occurs first.

(3) The proceeds may be used to pay license fees.

(4) A city, county, or city and county that enacts an ordinance permitting bingo games may specify in the ordinance that if the monthly gross receipts from bingo games of an organization within this subdivision exceed five thousand dollars (\$5,000), a minimum percentage of the proceeds shall be used only for charitable purposes not relating to the conducting of bingo games and that the balance shall be used for prizes, rental of property, overhead, administrative expenses, and payment of license fees. The amount of proceeds used for rental of property, overhead, and administrative expenses is subject to the limitations specified in paragraph (2).

(1) A city, county, or city and county may impose a license fee on each organization that it authorizes to conduct bingo games. The fee, whether for the initial license or renewal, shall not exceed fifty dollars (\$50) annually, except as provided in paragraph (2). If an application for a license is denied, one-half of any license fee paid shall be refunded to the organization.

(2) In lieu of the license fee permitted under paragraph (1), a city, county, or city and county may impose a license fee of fifty dollars (\$50) paid upon application. If an application for a license is denied, one-half of the application fee shall be refunded to the organization. An additional fee for law enforcement and public safety costs incurred by the city, county, or city and county that are directly related to bingo activities may be imposed and shall be collected monthly by the city, county, or city and county issuing the license; however, the fee shall not exceed the actual costs incurred in providing the service.

(m) No person shall be allowed to participate in a bingo game, unless the person is physically present at the time and place where the bingo game is being conducted.

(n) The total value of prizes available to be awarded during the conduct of any bingo games shall not exceed five hundred dollars (\$500) in cash or kind, or both, for each separate game which is held.

(o) As used in this section, "bingo" means a game of chance in which prizes are awarded on the basis of designated numbers or symbols that are marked or covered by the player on a tangible card in the player's possession and that conform to numbers or symbols, selected at random and announced by a live caller. Notwithstanding Section 330c, as used in this section, the game of bingo includes tangible cards having numbers or symbols that are concealed and preprinted in a manner providing for distribution of prizes. 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, and except as provided in subdivision (p). The winning cards shall not be known prior to the game by any person participating in the playing or operation of the bingo game. 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." Only a covered or marked tangible card possessed by a player and presented to an attendant may be used to claim a prize. It is the intention of the Legislature that bingo as defined in this subdivision applies exclusively to this section and shall not be applied in the construction or enforcement of any other provision of law.

(p) (1) Players who are physically present at a bingo game may use hand-held, portable card-minding devices, as described in this subdivision, to assist in monitoring the numbers or symbols announced by a live caller as those numbers or symbols are called in a live game. Card-minding devices may not be used in connection with any game where a bingo card may be sold or distributed after the start of the ball draw for that game. A card-minding device shall do all of the following:

(A) Be capable of storing in the memory of the device bingo faces of tangible cards purchased by a player.

(B) Provide a means for bingo players to input manually each individual number or symbol announced by a live caller.

(C) Compare the numbers or symbols entered by the player to the bingo faces previously stored in the memory of the device.

(D) Identify winning bingo patterns that exist on the stored bingo faces.

(2) A card-minding device shall perform no functions involving the play of the game other than those described in paragraph (1). Card-minding devices shall not do any of the following:

(A) Be capable of accepting or dispensing any coins, currency, or other representative of value or on which value has been encoded.

(B) Be capable of monitoring any bingo card face other than the faces of the tangible bingo card or cards purchased by the player for that game.

(C) Display or represent the game result through any means, including, but not limited to, video or mechanical reels or other slot machine or casino game themes, other than highlighting the winning numbers or symbols marked or covered on the tangible bingo cards or giving an audio alert that the player's card has a prize-winning pattern.

(D) Determine the outcome of any game or be physically or electronically connected to any component that determines the outcome of a game or to any other bingo equipment, including, but not limited to, the ball call station, or to any other card-minding device. No other player-operated or player-activated electronic or electromechanical device or equipment is permitted to be used in connection with a bingo game.

(3) (A) A card-minding device shall be approved in advance by the commission as meeting the requirements of Section 326.5 and any additional requirements stated in regulations adopted by the commission. Any proposed material change to the device, including any change to the

software used by the device, shall be submitted to the commission and approved by the commission prior to implementation.

(B) In accordance with Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code, the commission shall establish reasonable criteria for, and require the licensure and registration of, any person that directly or indirectly manufactures, distributes, supplies, vends, leases, or otherwise provides card-minding devices or other supplies, equipment, or services designed for use in the playing of bingo games by any nonprofit organization registered to conduct bingo games.

(C) A person or entity that supplies or services any card-minding device shall meet all licensing or registration requirements established by the commission in regulations.

(4) The costs of any testing, certification, license, or determination required by this subdivision shall be borne by the person or entity seeking it.

(5) On and after January 1, 2010, the commission and the Department of Justice may inspect all card-minding devices at any time without notice, and may immediately prohibit the use of any device that does not comply with the requirements of subdivision (r) of Section 19841 of the Business and Professions Code. The Department of Justice may at any time, without notice, impound any device the use of which has been prohibited by the commission.

(6) The California Gambling Control Commission shall issue regulations to implement the requirements of this subdivision and may issue regulations regarding the means by which the operator of a bingo game, as required by applicable law, may offer assistance to a player with disabilities in order to enable that player to participate in a bingo game, provided that the means of providing that assistance shall not be through any electronic, electromechanical, or other device or equipment that accepts the insertion of any coin, currency, token, credit card, or other means of transmitting value, and does not constitute or is not a part of a system that constitutes a video lottery terminal, slot machine, or devices prohibited by Chapter 10 (commencing with Section 330).

(7) The following definitions apply for purposes of this subdivision:

(A) "Commission" means the California Gambling Control Commission.

(B) "Person" includes a natural person, corporation, limited liability company, partnership, trust, joint venture, association, or any other business organization.

REMOTE CALLER BINGO

SEC. 4. Section 326.3 is added to the Penal Code, to read:

326.3. (a) The Legislature finds and declares all of the following:

- (1) Nonprofit organizations provide important and essential educational, philanthropic, and social services to the people of the State of California.
- (2) One of the great strengths of California is a vibrant nonprofit sector.
- (3) Nonprofit and philanthropic organizations touch the lives of every Californian through service and employment.
- (4) Many of these services would not be available if nonprofit organizations did not provide them.
- (5) There is a need to provide methods of fundraising to nonprofit organizations to enable them to provide these essential services.
- (6) Historically, many nonprofit organizations have used charitable bingo as one of their key fundraising strategies to promote the mission of the charity.
- (7) Legislation is needed to provide greater revenues for nonprofit organizations to enable them to fulfill their charitable purposes, and especially to meet their increasing social service obligations.
- (8) Legislation is also needed to clarify that existing law requires that all charitable bingo must be played using a tangible card and that the only permissible electronic devices to be used by charitable bingo players are card-minding devices.

(b) Neither the prohibition on gambling in this chapter nor in Chapter 10 (commencing with Section 330) applies to any remote caller bingo game that is played or conducted in a city, county, or city and county pursuant to an ordinance enacted under Section 19 of Article IV of the California Constitution, if the ordinance allows a remote caller bingo game to be played or conducted only in accordance with the requirements of this section, including the following requirements:

(1) The game may be conducted only by the following organizations:

(A) An organization that is exempted from the payment of the bank and corporation tax by Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701w, or 23701 of the Revenue and Taxation Code.

(B) A mobile home park association.

(C) A senior citizens organization.

(D) Charitable organizations affiliated with a school district.

(2) The organization conducting the game shall have been incorporated or in existence for three years or more.

(3) The organization conducting the game shall be licensed pursuant to subdivision (l) of Section 326.5.

(4) 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.

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

(c) It is a misdemeanor for any person to receive or pay a profit, wage, or salary from any remote caller bingo game, provided that administrative, managerial, technical, financial, and security

personnel employed by the organization conducting the bingo game may be paid reasonable fees for services rendered from the revenues of bingo games, as provided in subdivision (l), except that fees paid under those agreements shall not be determined as a percentage of receipts or other revenues from, or be dependant on the outcome of, the game.

(d) A violation of subdivision (c) shall be punishable by a fine not to exceed ten thousand dollars (\$10,000), which fine shall be deposited in the general fund of the city, county, or city and county that enacted the ordinance authorizing the remote caller bingo game. A violation of any provision of this section, other than subdivision (c), is a misdemeanor.

(e) The city, county, or city and county that enacted the ordinance authorizing the remote caller bingo game, or the Attorney General, may bring an action to enjoin a violation of this section.

(f) No minors shall be allowed to participate in any remote caller bingo game.

(g) A remote caller bingo game shall not include any site that is not located within this state.

(h) An organization authorized to conduct a remote caller bingo game pursuant to subdivision (b) shall conduct the game only on property that is owned or leased by the organization, or the use of which is donated to the organization, provided that the operation of bingo games may not be a primary purpose for which the organization is organized. Nothing in this subdivision shall be construed to require that the property that is owned or leased by, or the use of which is donated to, the organization be used or leased exclusively by, or donated exclusively to, that organization.

(i) (1) All remote caller bingo games shall be open to the public, not just to the members of the authorized organization.

(2) No more than 750 players may participate in a remote caller bingo game in a single location.

(3) If the Governor of California or the President of the United States declares a state of emergency in response to a natural disaster or other public catastrophe occurring in California, an organization authorized to conduct remote caller bingo games may, while that declaration is in effect, conduct those games pursuant to this section with more than 750 participants in a single venue if the net proceeds of the games, after deduction of prizes and overhead expenses, are donated to or expended exclusively for the relief of the victims of the disaster or catastrophe, and the organization gives the California Gambling Control Commission at least 10 days' written notice of the intent to conduct those games.

(4) An organization authorized to conduct remote caller bingo games shall provide the commission with at least 30 days' advance written notice of its intent to conduct those games.

That notice shall include all of the following:

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

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

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

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

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

(F) The name of the person designated as having a fiduciary responsibility for the game pursuant to paragraph (2) of subdivision (j).

(G) The license numbers of all persons specified in subparagraphs A) to (F), inclusive, who are required to be licensed.

(H) A copy of the local ordinance for the counties in which the game will be played. The commission shall post the ordinance on its Internet Web site.

(j) (1) A remote caller bingo game shall be operated and staffed only by members of the authorized organization that organized it. Those members shall not receive a profit, wage, or salary from any bingo game. Only the organization authorized to conduct a remote caller bingo game shall operate that game, or participate in the promotion, supervision, or any other phase of a remote caller bingo game. Subject to the provisions of subdivision (1), this subdivision shall not preclude the employment of administrative, managerial, technical, financial, or security personnel who are not members of the authorized organization at a location participating in the remote caller bingo game by the organization conducting the game. Notwithstanding any other provisions of law, exclusive or other agreements between the authorized organization and other entities or persons to provide services in the administration, management, or conduct of the game shall not be considered a violation of the prohibition against holding a legally cognizable financial interest in the conduct of the remote caller bingo game by persons or entities other than the charitable organization, or other entity authorized to conduct the remote caller bingo games, provided that those persons or entities obtain the gambling licenses, the key employee licenses, or the work permits required by, and otherwise comply with, Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code. Fees to be paid under any such agreements shall be reasonable and shall not be determined as a percentage of receipts or other revenues from, or be dependent on the outcome of, the game.

(2) An organization that conducts a remote caller bingo game shall designate a person as having fiduciary responsibility for the game.

(k) No individual, corporation, partnership, or other legal entity, except the organization authorized to conduct or participate in a remote caller bingo game, shall hold a legally cognizable financial interest in the conduct of such a game.

(l) An organization authorized to conduct a remote caller bingo game pursuant to this section shall not have overhead costs exceeding 20 percent of gross sales, except that the limitations of this section shall not apply to one-time, nonrecurring capital acquisitions. For purposes of this subdivision, "overhead costs" includes, but is not limited to, amounts paid for rent and equipment leasing and the reasonable fees authorized to be paid to administrative, managerial, technical, financial, and security personnel employed by the organization pursuant to subdivision (c).

(m) No person shall be allowed to participate in a remote caller bingo game unless the person is physically present at the time and place where the remote caller bingo game is being conducted. A person shall be deemed to be physically present at the place where the remote caller bingo game is being conducted if he or she is present at any of the locations participating in the remote caller bingo game in accordance with this section.

(n) (1) An organization shall not cosponsor a remote caller bingo game with one or more other organizations unless one of the following is true:

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

(B) All of the cosponsors are affiliated through an organization described in paragraph (1) of subdivision (b), and have the same Internal Revenue Service activity code.

(2) Notwithstanding paragraph (1), a maximum of 10 unaffiliated organizations described in paragraph (1) of subdivision (b) may enter into an agreement to cosponsor a remote caller game, provided the game shall have not more than 10 locations.

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

(4) Before sponsoring or operating any game authorized under paragraph (1) or (2), each of the cosponsoring organizations shall have entered into a written agreement, a copy of which shall be provided to the commission, setting forth how the expenses and proceeds of the game are to be allocated among the participating organizations, the bank accounts into which all receipts are to be deposited and from which all prizes are to be paid, and how game records are to be maintained and subjected to annual audit.

(o) The value of prizes awarded during the conduct of any remote caller bingo game shall not exceed 37 percent of the gross receipts for that game. Every remote caller bingo game shall be played until a winner is declared. Progressive prizes are prohibited. The declared winner of a remote caller bingo game shall provide his or her identifying information and a mailing address to the onsite manager of the remote caller bingo game. Prizes shall be paid only by check; no cash prizes shall be paid. The organization conducting the remote caller bingo game may issue a check to the winner at the time of the game, or may send a check to the declared winner by United States Postal Service certified mail, return receipt requested. All prize money exceeding state and federal exemption limits on prize money shall be subject to income tax reporting and withholding requirements under applicable state and federal laws and regulations and those reports and withholding shall be forwarded, within 10 business days, to the appropriate state or federal agency on behalf of the winner. A report shall accompany the amount withheld identifying the person on whose behalf the money is being sent. 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.

(p) (1) The California Gambling Control Commission shall regulate remote caller bingo, including, but not limited to, licensure and operation. The commission shall establish reasonable criteria regulating, and shall require the licensure and registration of, the following:

(A) Any person who conducts remote caller bingo games pursuant to this section, including, but not limited to, owners, employees, persons having fiduciary responsibility for remote caller bingo games, site managers, and bingo callers.

(B) Any person who directly or indirectly manufactures, distributes, supplies, vends, leases, or otherwise provide supplies, devices, services, or other equipment designed for use in the playing of bingo games by any nonprofit organization registered to conduct bingo games.

(C) Beginning January 31, 2009, or a later date as may be established by the commission, all persons described in subparagraph (A) or (B) may submit to the commission a letter of intent to submit an application for registration or licensure. The letter shall clearly identify the principal applicant, all categories under which the application will be filed, and the names of all those particular individuals who are applying. Each charitable organization shall provide an estimate of the frequency with which it plans to conduct remote caller bingo operations, including the number of locations. The letter of intent may be withdrawn or updated at any time.

(2) (A) The Department of Justice shall conduct background investigations and conduct field enforcement as it relates to remote caller bingo consistent with the Gambling Control Act (Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code) and as specified in regulations promulgated by the commission.

(B) Fees to cover background investigation costs shall be paid and accounted for in accordance with Section 19867 of the Business and Professions Code.

(3) (A) Every application for a license or approval shall be accompanied by a nonrefundable fee, the amount of which shall be adopted by the commission by regulation.

(B) Fees and revenue collected pursuant to this paragraph shall be deposited in the California Bingo Fund, which is hereby created in the State Treasury. The funds deposited in the California Bingo Fund shall be available, upon appropriation by the Legislature, for expenditure by the commission and the department exclusively for the support of the commission and department in carrying out their duties and responsibilities under this section and Section 326.5.

(C) A loan is hereby authorized from the Gambling Control Fund to the California Bingo Fund on or after January 1, 2009, in an amount of up to five hundred thousand dollars (\$500,000) to fund operating, personnel, and other startup costs incurred by the commission relating to this act. Funds from the California Bingo Fund shall be available to the commission upon appropriation by the Legislature in the annual Budget Act. The loan shall be subject to all of the following conditions:

(i) The loan shall be repaid to the Gambling Control Fund as soon as there is sufficient money in the California Bingo Fund to repay the amount loaned, but no later than five years after the date of the loan.

(ii) Interest on the loan shall be paid from the California Bingo Fund at the rate accruing to moneys in the Pooled Money Investment Account.

(iii) The terms and conditions of the loan are approved, prior to the transfer of funds, by the Department of Finance pursuant to appropriate fiscal standards. The commission may assess and collect reasonable fees and deposits as necessary to defray the costs of regulation and oversight.

(q) The administrative, managerial, technical, financial, and security personnel employed by an organization that conducts remote caller bingo games shall apply for, obtain, and thereafter maintain valid work permits, as defined in Section 19805 of the Business and Professions Code.

(r) An organization that conducts remote caller bingo games shall retain records in connection with the remote caller bingo game for five years.

(s) (1) All equipment used for remote caller bingo shall be approved in advance by the California Gambling Control Commission pursuant to regulations adopted pursuant to subdivision (r) of Section 19841 of the Business and Professions Code.

(2) The California Gambling Control Commission shall monitor operation of the transmission and other equipment used for remote caller bingo, and monitor the game.

(t) (1) As used in this section, "remote caller bingo game" means a game of bingo, as defined in subdivision (o) of Section 326.5, in which the numbers or symbols on randomly drawn plastic balls are announced by a natural person present at the site at which the live game is conducted, and the organization conducting the bingo game uses audio and video technology to link any of its in-state facilities for the purpose of transmitting the remote calling of a live bingo game from a single location to multiple locations owned, leased, or rented by that organization, or as described in subdivision (n). The audio or video technology used to link the facilities may include cable, Internet, satellite, broadband, or telephone technology, or any other means of electronic transmission that ensures the secure, accurate, and simultaneous transmission of the announcement of numbers or symbols in the game from the location at which the game is called by a natural person to the remote location or locations at which players may participate in the game. The drawing of each ball bearing a number or symbol by the natural person calling the game shall be visible to all players as the ball is drawn, including through a simultaneous live video feed at remote locations at which players may participate in the game.

(2) The caller in the live game must be licensed by the California Gambling Control Commission. A game may be called by a non licensed caller if the drawing of balls and calling of numbers or symbols by that person is observed and personally supervised by a licensed

caller.

(3) Remote caller bingo games shall be played using traditional paper or other tangible bingo cards and daubers, and shall not be played by using electronic devices, except card-minding devices, as described in paragraph (1) of subdivision (p) of Section 326.5.

(4) Prior to conducting a remote caller bingo game, the organization that conducts remote caller bingo shall submit to the commission the controls, methodology, and standards of game play, which shall include, but not be limited to, the equipment used to select bingo numbers and create or originate cards, control or maintenance, distribution to participating locations, and distribution to players. Those controls, methodologies, and standards shall be subject to prior approval by the commission, provided that the controls shall be deemed approved by the commission after 90 days from the date of submission unless disapproved.

(u) A location shall not be eligible to participate in a remote caller bingo game if bingo games are conducted at that location in violation of Section 326.5 or any regulation adopted by the commission pursuant to Section 19841 of the Business and Professions Code, including, but not limited to, a location at which unlawful electronic devices are used.

(v) (1) The vendor of the equipment used in a remote caller bingo game shall have its books and records audited at least annually by an independent California certified public accountant and shall submit the results of that audit to the California Gambling Control Commission within 120 days after the close of the vendor's fiscal year. In addition, the California Gambling Control Commission shall audit the books and records of the vendor at any time.

(2) An organization that conducts remote caller bingo games shall provide copies of the records pertaining to those games to the California Gambling Control Commission within 30 days after the end of each calendar quarter. In addition, those records shall be audited by an independent California certified public accountant at least annually and copies of the audit reports shall be provided to the California Gambling Control Commission within 120 days after the close of the organization's fiscal year.

(3) The costs of the licensing and audits required by this section shall be borne by the person or entity required to be licensed or audited. The audit shall enumerate the receipts for remote caller bingo, the prizes disbursed, the overhead costs, and the amount retained by the nonprofit organization. The commission may audit the books and records of an organization that conducts remote caller bingo games at any time.

(4) If, during an audit, the commission identifies practices in violation of this section, the license for the audited entity may be suspended pending review and hearing before the commission for a final determination.

(5) No audit required to be conducted by the commission shall commence before January 1, 2010.

(w) (1) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

(2) Notwithstanding paragraph (1), if paragraph (1) or (3) of subdivision (t), or the application of either of those provisions, is held invalid, this entire section shall be invalid.

(x) The commission shall submit a report to the Legislature, on or before January 1, 2012, on the fundraising effectiveness and regulation of remote caller bingo, and other matters that are relevant to the public interest regarding remote caller bingo.

(y) The following definitions apply for purposes of this section:

(1) "Commission" means the California Gambling Control Commission.

(2) "Person" includes a natural person, corporation, limited liability company, partnership, trust, joint venture, association, or any other business organization.