

File No. 140106

Committee Item No. _____

Board Item No. 19

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee _____

Date _____

Board of Supervisors Meeting

Date February 11, 2014

Cmte Board

- | | | |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Budget Justification |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Agreement/Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

- | | | |
|--------------------------|--------------------------|--------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Assembly Bill 1439 |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Completed by: Joy Lamug

Date February 6, 2014

Completed by: _____

Date _____

An asterisked item represents the cover sheet to a document that exceeds 20 pages. The complete document is in the file.

1 [Supporting Assembly Bill 1439 (Salas) - Prohibiting Sweepstakes Gambling Cafes]

2
3 **Resolution supporting Assembly Bill 1439, authored by Assemblymember Rudy Salas,**
4 **which would prohibit the operation of gambling themed or simulated gambling**
5 **electronic video monitors at Internet sweepstakes businesses.**

6
7 WHEREAS, Internet cafes are setting up computers that allow customers to wager
8 funds on gambling-themed games that simulate those found in casinos; and

9 WHEREAS, These internet cafes are thinly veiled gambling operations that have been
10 able to operate because of poor definition in the law; and

11 WHEREAS, Local business owners have voiced concerns about the negative
12 consequences of these establishments, including dramatic increases in criminal activity,
13 increases in public nuisance complaints, and unnecessary drains on law enforcement
14 resources; and

15 WHEREAS, San Francisco has recently reached a settlement against the proprietors,
16 landlords, and software provider to Net Stop Business Center, a local internet café, after a
17 year-long effort by community members and at great expense to the City's police and
18 enforcement agencies; and

19 WHEREAS, In January of 2014, Assemblymember Rudy Salas introduced Assembly
20 Bill 1439 (AB 1439) to fight the rising number of illegal sweepstakes gambling cafes
21 throughout California, and provide local law enforcement the necessary tools for greater local
22 control of this serious public safety issue; now, therefore, be it

23 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
24 hereby supports California Assembly Bill 1439 and directs the Clerk of the Board to
25 communicate this support to the California State Legislature.

ASSEMBLY BILL

No. 1439

Introduced by Assembly Member Salas

(Coauthors: Assembly Members Bonilla, Bonta, Ian Calderon, Campos, Conway, Cooley, Daly, Fox, Gonzalez, Gray, Grove, Levine, Medina, Melendez, Nazarian, Perea, Quirk-Silva, Rendon, Ting, and Waldron)

(Coauthor: Senator Lara)

January 6, 2014

An act to amend Section 17539.1 of the Business and Professions Code, relating to sweepstakes.

LEGISLATIVE COUNSEL'S DIGEST

AB 1439, as introduced, Salas. Sweepstakes.

Existing law prohibits certain unfair acts or practices undertaken by, or omissions of, any person in the operation of a contest, as described, including, among other things, misrepresenting the odds of winning any prize or failing to award and distribute all prizes, as specified. A violation of this provision is a misdemeanor.

This bill would make the provision described above applicable to unfair acts or practices undertaken by, or omissions of, any person in the operation of a sweepstakes, as defined. The bill would also prohibit using any method intended to be used by a person interacting with a gambling-themed or simulated gambling electronic video monitor in a business establishment that directly or indirectly implements the predetermination of sweepstakes cash, cash-equivalent prizes, or other prizes of value, or otherwise connects a sweepstakes player or participant with sweepstakes cash, cash-equivalent prizes, or other prizes of value.

By creating new crimes, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17539.1 of the Business and Professions
2 Code is amended to read:

3 17539.1. (a) The following unfair acts or practices undertaken
4 by, or omissions of, any person in the operation of any contest *or*
5 *sweepstakes* are prohibited:

6 (1) Failing to clearly and conspicuously disclose, at the time of
7 the initial contest solicitation, at the time of each precontest
8 promotional solicitation and each time the payment of money is
9 required to become or to remain a contestant, the total number of
10 contestants anticipated based on prior experience and the
11 percentages of contestants correctly solving each puzzle used in
12 the three most recently completed contests conducted by the person.
13 If the person has not operated or promoted three contests he shall
14 disclose for each prior contest if any, the information required by
15 this section.

16 (2) Failing to promptly send to each member of the public upon
17 his request, the actual number and percentage of contestants
18 correctly solving each puzzle or game in the contest most recently
19 completed.

20 (3) Misrepresenting in any manner the odds of winning any
21 prize.

22 (4) Misrepresenting in any manner, the rules, terms, or
23 conditions of participation in a contest.

24 (5) Failing to clearly and conspicuously disclose with all contest
25 puzzles and games and with all promotional puzzles and games
26 all of the following:

27 (A) The maximum number of puzzles or games which may be
28 necessary to complete the contest and determine winners.

1 (B) The maximum amount of money, including the maximum
2 cost of any postage and handling fees, which a participant may be
3 asked to pay to win each of the contest prizes then offered.

4 (C) That future puzzles or games, if any, or tie breakers, if any,
5 will be significantly more difficult than the initial puzzle.

6 (D) The date or dates on or before which the contest will
7 terminate and upon which all prizes will be awarded.

8 (E) The method of determining prizewinners if a tie remains
9 after the last tie breaker puzzle is completed.

10 (F) All rules, regulations, terms, and conditions of the contest.

11 (6) Failing to clearly and conspicuously disclose the exact nature
12 and approximate value of the prizes when offered.

13 (7) Failing to award and distribute all prizes of the value and
14 type represented.

15 (8) Representing directly or by implication that the number of
16 participants has been significantly limited, or that any particular
17 person has been selected to win a prize unless such is the fact.

18 (9) Representing directly or by implication that any particular
19 person has won any money, prize, thing, or other value in a contest
20 unless there has been a real contest in which a meaningful
21 percentage, which shall be at least a majority, of the participants
22 in such contests have failed to win a prize, money, thing, or other
23 value.

24 (10) Representing directly or by implication that any particular
25 person has won any money, prize, thing, or other value without
26 disclosing the exact nature and approximate value thereof.

27 (11) Using the word "lucky" to describe any number, ticket,
28 coupon, symbol, or other entry, or representing in any other manner
29 directly or by implication that any number, ticket, coupon, symbol,
30 or other entry confers or will confer an advantage upon the recipient
31 that other recipients will not have, that the recipient is more likely
32 to win a prize than are others, or that the number, ticket, coupon,
33 symbol or other entry has some value that other entries do not
34 have.

35 (12) *Using any method intended to be used by a person*
36 *interacting with a gambling-themed or simulated gambling*
37 *electronic video monitor in a business establishment that directly*
38 *or indirectly implements the predetermination of sweepstakes cash,*
39 *cash-equivalent prizes, or other prizes of value, or otherwise*

1 *connects a sweepstakes player or participant with sweepstakes*
2 *cash, cash-equivalent prizes, or other prizes of value.*

3 ~~(12)~~

4 (13) Failing to obtain the express written or oral consent of
5 individuals before their names are used for a promotional purpose
6 in connection with a mailing to a third person.

7 ~~(13)~~

8 (14) Using or distributing simulated checks, currency, or any
9 simulated item of value unless there is clearly and conspicuously
10 printed thereon the words: SPECIMEN—NONNEGOTIABLE.

11 ~~(14)~~

12 (15) Representing, directly or by implication, orally or in
13 writing, that any tie breaker puzzle may be entered upon the
14 payment of money qualifying the contestant for an extra cash or
15 any other type prize or prizes unless:

16 (A) It is clearly and conspicuously disclosed that the payments
17 are optional and that contestants are not required to pay money,
18 except for reasonable postage and handling fees, to play for an
19 extra cash or any other type of prize or prizes; and

20 (B) Contestants are clearly and conspicuously given the
21 opportunity to indicate they wish to enter such phase of the contest
22 for free, except for reasonable postage and handling fees the
23 amount of which shall not exceed one dollar and fifty cents (\$1.50)
24 plus the actual cost of postage and which shall be clearly and
25 conspicuously disclosed at the time of the initial contest solicitation
26 and each time thereafter that the payment of such fees is required.
27 The contestants' opportunity to indicate they wish to enter for free
28 shall be in immediate conjunction with and in a like manner as the
29 contestants' opportunity to indicate they wish to play for an extra
30 prize.

31 (b) *For the purposes of this section, "sweepstakes" means a*
32 *procedure, activity, or event, for the distribution, donation, or sale*
33 *of anything of value by lot, chance, predetermined selection, or*
34 *random selection that is not unlawful under other provisions of*
35 *law, including, but not limited to, Chapter 9 (commencing with*
36 *Section 319) and Chapter 10 (commencing with Section 330) of*
37 *Title 9 of Part 1 of the Penal Code.*

38 ~~(b)~~

1 (c) This section does not apply to an advertising plan or program
2 that is regulated by, and complies with, the requirements of Section
3 17537.1.

4 (d) *Nothing in this section shall be deemed to render lawful any*
5 *activity that is unlawful pursuant to other law, including, but not*
6 *limited to, Section 320, 330a, 330b, 330.1, or 337j of the Penal*
7 *Code.*

8 SEC. 2. No reimbursement is required by this act pursuant to
9 Section 6 of Article XIII B of the California Constitution because
10 the only costs that may be incurred by a local agency or school
11 district will be incurred because this act creates a new crime or
12 infraction, eliminates a crime or infraction, or changes the penalty
13 for a crime or infraction, within the meaning of Section 17556 of
14 the Government Code, or changes the definition of a crime within
15 the meaning of Section 6 of Article XIII B of the California
16 Constitution.

O

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee.
An ordinance, resolution, motion, or charter amendment.
- 2. Request for next printed agenda without reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. []
- 9. Request for Closed Session (attach written motion).
- 10. Board to Sit as A Committee of the Whole.
- 11. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative

Sponsor(s):

Supervisor Avalos

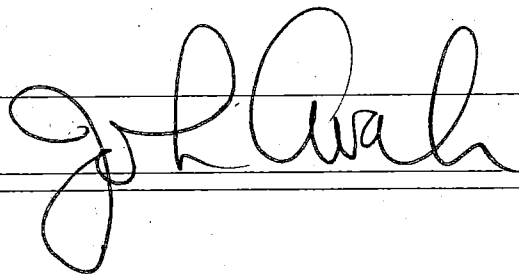
Subject:

Supporting Assembly Bill 1439, Prohibiting Sweepstakes Gambling Cafes

The text is listed below or attached:

Resolution supporting Assembly Bill 1439, authored by Assemblymember Rudy Salas, which would prohibit the operation of gambling themed or simulated gambling electronic video monitors at Internet sweepstakes businesses.

Signature of Sponsoring Supervisor:



For Clerk's Use Only: