

OFFICE OF THE
COUNTY COUNSEL



COUNTY OF SANTA CRUZ

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AGENDA: August 4, 1998

July 27, 1998

Board of Supervisors
County of Santa Cruz
701 Ocean Street, Room 500
Santa Cruz, California 95060

**RE: ORDINANCE AMENDING CHAPTER 5.16 OF THE SANTA CRUZ
COUNTY CODE RELATING TO THE REGULATION OF
CARDROOMS**

Dear Members of the Board:

On June 22, 1998, your Board conceptually approved the adoption of an ordinance making substantial amendments to Chapter 5.16 of the Santa Cruz County Code relating to the regulation of cardrooms, and directed that the ordinance return on August 4, 1998 for final approval. At the same time your Board also directed this Office to report back with information regarding the establishment of a fee to cover the costs associated with the on-going regulation of such operations.

The County's cardroom regulations authorize the establishment of a license fee that is paid annually by cardroom operators. Currently, the County's Unified Fee Schedule sets the cardroom license fee at \$150. The Unified Fee Schedule could be amended to revise the cardroom licensing fee by including the expenses associated with inspections and license enforcement actions taken by the Sheriff-Coroners Office. Due to the extended closure of the County's lone cardroom operation last year and the current methods employed by the Sheriff-Coroner's Office to track response data, adequate information is

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not available at this time to properly estimate the anticipated regulatory costs associated with regulating cardroom operations. Although the Sheriff-Coroner's Office reports that it can make adjustments in its data collection practices to ensure that the regulatory cost information is compiled, such information will not be available until the Spring of 1999.

If a regulatory expense component is to be added to the current licensing fee, it is recommended that the establishment of a fee be deferred until the end of this fiscal year, to allow for the gathering of actual response data. Once this data is collected, an appropriate revision to the Unified Fee Schedule can be processed in conjunction with the June 1999 Budget Session, to incorporate the regulatory costs into the current cardroom license fee. No additional changes in the ordinance previously adopted in concept by your Board are required to authorize an additional regulatory cost component to the licensing fee currently charged cardroom operators.

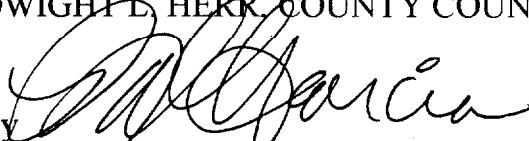
IT IS THEREFORE RECOMMENDED that your Board:

1. Adopt the ordinance amending Chapter 5.16 of the Santa Cruz County Code relating to the licensing and regulation of cardrooms; and
2. Consider the establishment of a cardroom license regulatory fee during the Board's consideration of revisions to the Unified Fee Schedule at the June 1999 Budget Session.

Very truly yours,

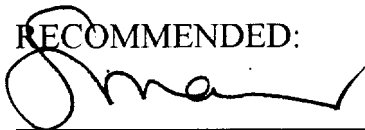
DWIGHT L. HERR, COUNTY COUNSEL

By



Rahn Garcia
Assistant County Counsel

RECOMMENDED:



SUSAN A. MAURIELLO
County Administrative Officer

cc: Sheriff-Coroner
Treasurer-Tax Collector

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ORDINANCE NO.

ORDINANCE AMENDING CHAPTER 5.16
OF THE SANTA CRUZ COUNTY CODE RELATING TO
CARDROOMS

The Board of Supervisors of the County of Santa Cruz ordains as follows:

SECTION I

Chapter 5.16 of the Santa Cruz County Code is hereby repealed.

SECTION II

The Santa Cruz County Code is hereby amended by adding new Chapter 5.16 to read as follows:

CARDROOMS

Sections:

- 5.16.010 Concurrent regulation with State.
- 5.16.020 License or registration permit required.
- 5.16.030 License --Application.
- 5.16.040 License --Investigation--Grant or denial.
- 5.16.050 Revocation of license.
- 5.16.060 Registration permit--Application.
- 5.16.070 Registration permit--Investigation--Grant or denial.
- 5.16.080 License or registration permit--Scope--Renewal.
- 5.16.090 Hearing on denial, suspension or revocation.
- 5.16.100 Alcoholic beverages prohibited.
- 5.16.110 Intoxicated persons prohibited.
- 5.16.120 Loitering prohibited.
- 5.16.130 Location requirements.
- 5.16.140 Wagering limits.
- 5.16.150 Required posting.
- 5.16.160 Identification.
- 5.16.170 Number of card tables permitted.
- 5.16.180 Number of cardrooms permitted.
- 5.16.190 Nonassignability.
- 5.16.200 Use of blank checks prohibited.
- 5.16.210 Gamblers anonymous literature.
- 5.16.220 Security measures.
- 5.16.230 Hours of operation.
- 5.16.240 Prohibited games.
- 5.16.250 Exceptions to chapter regulations.
- 5.16.260 Violation--Penalty

5.16.010 Concurrent regulation with State.

It is the stated intent of this chapter to regulate cardrooms and tables in the City of Santa Cruz concurrently with the State of California, to the extent authorized by, and as required by, the Gaming Registration Act codified at Business and Professions Code, § 19800 et seq. and the regulations of the State of California Department of Justice Division of Gambling Control.

5.16.020 License or registration permit required.

A. Any person or entity must receive a permit from the Attorney General of California prior to owning or operating a cardroom within the unincorporated area City of Santa Cruz. In addition, no person shall establish, maintain or operate any cardroom or permit or suffer any cardroom to be established, maintained or operated, upon or within any building, structure, premises or place owned, occupied or controlled by him or her, unless such cardroom is maintained and operated pursuant to a valid, unexpired and unrevoked cardroom license issued pursuant to the provisions of this chapter.

B. No person shall serve as an employee of any cardroom or public place for the playing of a card game which is located within the unincorporated area of the county, without having a registration permit therefor, as provided in this chapter. It is also unlawful for the licensee of any cardroom licensed under this chapter to employ any person without such person having a valid registration permit issued pursuant to this chapter.

5.16.030 License--Limitations on application

Only a person or entity licensed as of January 1, 1998 by the County of Santa Cruz to operate a cardroom pursuant to the provisions of this Chapter, is eligible to apply for a cardroom license. Application for the required license shall be made to the county tax collector. The application shall certify the contents of the application under penalty of perjury, and shall be signed by the applicant. The application shall contain all of the following:

A. The location of the business for which he license is sought, including a specific description of the building or structure within which the cardroom is to be situated, and the specific portion of such building or structure for which a cardroom license is requested. If the entire building or structure is proposed to be used as a cardroom, the application shall so state and shall request a license for the entire building or structure. If only a portion of the building or

structure is proposed to be used as a cardroom, the application shall so state, shall describe such portion, and shall request a license for only such portion. No license shall be deemed issued for any portion of any building which the application fails to state is to be used for cardroom purposes, or for which the application fails specifically to request a license;

B. The true and complete name(s), social security number(s), residence address(es), and date(s) of birth of the owner or owners of the building or structure within which the cardroom is proposed to be maintained;

C. The true and complete name(s), social security number(s), residence address(es), and date(s) of birth of the person or persons to whom it is requested that a cardroom license be issued;

1. If the proposed licensee is an individual, the application shall set forth the name, residence and business address, social security number, and date of birth.

2. If the proposed licensee is a corporation, the application shall set forth the complete name of the corporation and the state within which it is incorporated, together with its home address and its local address. In addition, the names, addresses, social security numbers, and dates of birth of the president and secretary, and the names, addresses, social security numbers, and dates of birth of each shareholder who owns or will own more than ten percent of all outstanding shares of the corporation shall be provided;

3. If the proposed licensee is a partnership, the application shall set forth the full name of all of the partners, and the firm name under which they do business. The addresses, social security numbers, and dates of birth of all such partners shall also be given;

D. A set of clearly identifiable fingerprints and photographs of all of the persons required to be named in the application;

E. A statement of any other cardroom licenses or permits issued to the proposed licensee or permittee within the past five years and identifying the issuing jurisdiction and any licenses or permits which have been revoked:

F. A statement that the applicant understands and agrees that any business or activity conducted or operated under such application shall be operated in full conformity with all the laws of the state, and with the applicable laws and regulations of this county, and that any violation of any such laws or

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regulations in such a place of business, or in connection. therewith, shall render any permit and license therefor subject to suspension or revocation;

G. A statement that the applicant understands and agrees that if a license is issued, the sheriff or a designated representative shall have authority to inspect the premises and records of any licensee without a search warrant. Those county agencies required to investigate the cardroom premises shall have reasonable access to the premises, and applicants, to enable those agencies to properly and thoroughly conduct their investigation;

H. The license fee as established by resolution of the board of supervisors.

5.16.040 License--Investigation--Grant or denial.

A. Upon receipt of a complete application for a cardroom license, the tax collector shall forward a copy to the sheriff with a request that he make an investigation of the applicant. The license or permit shall not be issued until a clearance of the applicant is issued by the sheriff. The clearance shall not be issued to any applicant if any of the following circumstances apply:

1. The applicant does not possess a current permit in good standing from the Attorney General of the State of California to operate a cardroom.

Either the applicant himself or herself, or any person specified in Section 5.16.030(C) (1) , (2) or (3):

a. The applicant is under the age of 21 years.

b. Has had a previous cardroom license or registration permit revoked for cause by any jurisdiction within the past five years; or

c. Has been convicted of a crime involving moral turpitude within the past five years or has been convicted of a felony, convicted of any crime involving gambling, or convicted of a violation of the Gaming Registration Act codified at Business and Professions Code, § 19800 et seq. Crimes or moral turpitude may include but are not limited to offenses involving dishonesty (such as theft, fraud and extortion), lotteries, gambling, larceny, perjury, bribery, prostitution and illicit drugs.

3. The applicant has made a false statement in the application for the permit.

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B. Applicants denied a license shall be notified in writing by the sheriff, or his designee, of the reason(s) for such denial.

5.16.050 Registration permit--Application.

A license to operate a cardroom may be revoked or suspended for any of the following reasons:

A. The owner or manager of the cardroom allows house players, shills or dummies to engage in card games.

B. The Attorney General revokes the owner's or operator's state permit.

C. The owner or manager of the cardroom violated any of the provisions of this chapter.

D. The owner or manager of the cardroom is convicted of a felony, convicted of any state or federal law involving gambling including but not limited to a violation of the Gaming Registration Act codified at Business and Professions Code, § 19800 et seq.

E. The owner fails to inform the Sheriff of any change in employment status of a registered employee within ten days of the change in employment. "Change in employment status" shall include termination of employment, leave of absence, promotion or other change in job title.

5.16.060 Registration permit--Application

A. Application for the required registration permit shall be made to the county tax collector on forms to be provided by the treasurer. The application shall certify the contents of the application under penalty of perjury, and shall be signed by the applicant.

B. Each and every applicant for a cardroom registration permit shall present himself or herself at the sheriff's office during normal business hours, prior to the beginning of any employment in a cardroom.

C. Each applicant shall:

- 1. Complete an application and submit it to the sheriff's office;
- 2. Be fingerprinted;
- 3. Be photographed;

4 Provide any other information that the sheriff may require.

D. The information received by the sheriff pursuant to the provisions of this section shall be treated as confidential, shall not be mixed or included in any criminal history files, and shall be accessible only to the sheriff, his, or her designated representatives, and the licensee of the respective licensed cardroom.

5.16.070 Registration permit--Investigation--Grant or denial.

A. Upon presentation by the applicant of all information required pursuant to Section 5.16.060, the Sheriff shall make an investigation of the applicant. Within ten days after receipt of the above information, the Sheriff shall either grant or deny a registration permit to the applicant.. A permit shall not be issued to any person who: (1) does not currently have a valid work permit issued by the State; (2) has had a previous cardroom license or registration permit revoked for cause by any jurisdiction within the past five years; or (3) who has been convicted of a felony or of a crime involving moral turpitude within the past five years. Crimes of moral turpitude may include, but are not limited to, offenses involving dishonesty (such as theft, fraud and extortion), illegal lotteries, gambling, larceny, perjury, bribery, prostitution and illicit drugs. Applicants denied a permit shall be notified in writing by the Sheriff, or his or her designee, of the reason(s) for such denial.

B. When the Sheriff approves the application of any person for a cardroom registration permit, the Sheriff shall issue such person an identification card, which shall be worn in sight, by the permit holder, according to regulations established by the Sheriff.

5.16.080 License or registration permit--Scope--Renewal.

Each license or permit shall only allow the conduct of the business therein licensed, and only by the specified licensee or registration permit holder, and only at the place of business therein specified. Each license or permit issued shall be valid only for the fiscal year for which it was issued, and must be renewed for each subsequent fiscal year. In connection with the renewal of each such license or permit, the licensee or registration permit holder shall furnish the license or permit renewal fee established by resolution of the board of supervisors, and the tax collector may require that a complete new application form be filed, pursuant to the requirements of Section 5.16.030 and 5.16.060, and the Sheriff may carry out an investigation as specified in sections 5.16.040 and 5.16.70.

5.16.090 Hearing on denial, suspension or revocation

A. Any applicant, licensee or permittee who is aggrieved by any action taken in regard to a cardroom license or registration permit may request an appeal hearing before the board of supervisors. Request for such hearing shall be in writing and filed with the clerk of the board of supervisors, and a copy filed with the sheriff on or before ten days after the action appealed from was taken, and shall state the grounds upon which the aggrieved party claims there was improper denial, suspension or revocation of his or her license or registration permit.

B. Upon receipt of such request for hearing, the board of supervisors shall set the matter for hearing not later than twenty days thereafter. The board may also determine whether to stay the denial, suspension or revocation pending decision on the appeal. Written notice of the time and place of hearing on the matter shall be given by the clerk of the board of supervisors to the aggrieved party and to the sheriff, and upon receipt of the notice of hearing the sheriff shall forward to the board of supervisors and provide to the appellant a report on this action with respect to the matter, attaching all relevant notices and any other materials relied upon by the sheriff in making his decision.

C. Upon hearing of the matter, the board of supervisors may take such action or make such orders as the board deems just and proper in the disposition of the matter.

5.16.100 Alcoholic beverages prohibited.

No person shall possess alcoholic beverages within any cardroom. No cardroom owner, operator or employee shall allow alcoholic beverages to be stored, sold, served or consumed within any cardrooms.

5.16.110 Intoxicated persons prohibited.

No cardroom owner, operator or employee shall permit any person to play any cardroom game while such person is obviously under the influence of intoxicating beverage or drug.

5.16.120 Loitering prohibited.

No cardroom owner, operator or employee shall permit any person to loiter within the cardroom while card games are in progress.

5.16.130 Location requirements.

In the interest of promoting the public peace, safety and general welfare, cardrooms shall be prohibited in any of the following locations:

- A. A parcel with residential zoning.
- B. Within six hundred feet of the following uses:
 - 1. A public or private pre-school or K-12 school;
 - 2. A licensed hospital, medical clinic, alcohol or other drug abuse recovery or treatment facility, or community care residential facility providing mental health/social rehabilitation services;
 - 3. A public park or playground; or
 - 4. A public library.

5.16.140 Wagering limits

No cardroom owner, operator or employee shall permit any of the following:

- A. A person making aggregate bets in excess of two hundred dollars in the same hand.
- B. Simultaneous hands or betting squares by the same player.
- C. Bets made by any owner, operator, employee while on duty.
- D. Bets made by a shill or dummy player.

5.16.150 Required posting.

The following information must be posted in a conspicuous place in the cardroom:

- A. The minimum buy in, table limits, and any other charges assessed of players at a table. Players shall not be charged based on the amount of the bets made, the size of the "pot", the winnings collected, or the amount of money changing hands.
- B. A set of detailed house rules applicable to the games played, which shall be posted in the form of a printed rule book.

C. A copy of the current valid city permit and the state permit issued by the Attorney General under the Gaming Registration Act.

D. Copies of the identifying badges of each owner, operator and employee.

E. Each cardroom's hours of operation.

F. If the **cardroom** is to remain open between the hours of two a.m. and six a.m., a notice that a security guard who has a current license or permit under Chapter 5.36 of this code shall be on duty on the premises.

G. A notice that doors of the **cardroom** shall remain unlocked during all hours of operation.

H. A notice of the wagering limits established pursuant to Section 5.16.120 of this chapter.

5.16.160 Identification.

Each owner, operator and employee of a **cardroom** shall wear an identifying badge approved by the Sheriff and bearing on its face a legend identifying the bearer, while the owner, operator or employee is in or **around the cardroom** premises. The badge shall be worn in a location visible to the public. If a person required to wear a badge is present during a card game, the badge shall be worn in a location easily visible to all persons playing in the card game.

5.16.170 Number of card tables permitted.

A maximum of twelve card tables within the unincorporated area of Santa Cruz County shall be permitted, with no more than six tables at any single establishment. There shall be no more than six players and one dealer at any table.

5.16.180 Number **of cardrooms permitted.**

A maximum of one **cardroom** shall be permitted to operate within the unincorporated area of the County Santa Cruz.

5.16.190 Nonassignability of licenses.

Any time a **cardroom** changes ownership, the new owner must apply and qualify for a **cardroom** license as provided by this chapter. No license may be sold, transferred, or assigned by the permittee or by operation of law. Any sale, transfer or assignment, or attempt to sell, transfer or assign, the license shall be deemed to constitute a voluntary surrender of such

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license, which shall thereafter be deemed terminated and void. This section does not restrict the right of any cardroom owner to sell, transfer or assign ownership interest in the cardroom itself.

5.16.200 Use of blank checks prohibited.

No cardroom owner, operator or employee shall accept or cash any personal check which does not bear a dollar amount on the face of the check.

5.16.210 Gamblers anonymous literature

All cardrooms shall make literature published by Gamblers Anonymous easily available in a visible location in the cardroom.

5.16.220 Security measures.

All cardrooms shall take the following security measures:

A. The business records, papers, reports, audits, and books of account shall be made available for inspection and copying to the Director of Finance upon reasonable notice by the sheriff.

B. Any owner, operator or employee of the cardroom shall have an affirmative duty to immediately report all crimes occurring on the premises to the Santa Cruz County Sheriff.

5.16.230 Hours of operation.

Card tables or cardrooms may operate twenty-four hours a day. It is unlawful for any owner, proprietor, manager or other person having charge or control of any public place kept for the purpose of playing cards to permit any person, other than such owner, proprietor or manager and the employees regularly employed in and about the same, to enter, remain or be therein between the hour of two a.m. and the hour of six a.m. of each and every day of the week, including Sunday; unless, if during the hours of two a.m. and six a.m., when the cardroom is open, a security guard who has a current license or permit under Chapter 5.36 of this code is on duty on the premises. The doors of a cardroom shall remain unlocked during all hours of operation.

5.16.240 Prohibited games.

This chapter is not intended to permit or license any business for the playing of any game prohibited by the laws of the state of California, nor to permit or license any employee for such unlawful purpose.

5.16.250 Exceptions to chapter regulations.

The provisions set forth in this chapter shall not apply to card tables maintained in any bona fide hotel, or in any private residence or clubroom, where, for the use of which, no consideration is charged.

5.16.260 Violation--Penalty.

Any person, firm or corporation violating any of the provisions of this chapter is guilty of a misdemeanor, and upon conviction thereof is punishable by a fine of not more than five hundred dollars or by imprisonment in the county jail for a period of not more than six months, or by both such fine and imprisonment. Each person is guilty of a separate offense for every day during any portion of which any violation of any provision of this chapter is committed, continued or permitted by such person, firm or corporation and is punishable therefor as provided by this chapter.

SECTION III

This ordinance shall take effect on the 31st day after the date of final passage.

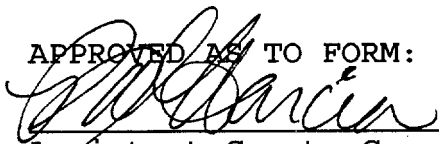
PASSED AND ADOPTED this _____ day of _____ 1998, 'by the Board of Supervisors of the County of Santa Cruz by' the following vote:

- AYES: SUPERVISORS
- NOES: SUPERVISORS
- ABSENT: SUPERVISORS
- ABSTAIN: SUPERVISORS

Chair of the Board of Supervisors

Attest: _____
Clerk of the Board

APPROVED AS TO FORM:



Assistant County Counsel

- cc: Treasurer-Tax Collector
- Sheriff
- CAO