



## INDUSTRY ADVISORY

### **On Premise Gambling Promotions**

It has come to the attention of the Department that some licensed premises are holding poker tournaments, amateur poker leagues or “non-gambling” poker tournament promotions. Allowing such activities on licensed premises could result in criminal prosecution and/or suspension or revocation of an alcohol license. The purpose of this Bulletin is to provide guidance to licensees in this area.

Business and Professions Code Section 19802(h) provides that all persons and establishments involved in gambling operations must be licensed and regulated by the California Department of Justice, Division of Gambling Control.

Under Penal Code Section 337(j), any person or entity owning, managing or otherwise operating a gaming club without a gambling license may be subject to criminal penalties. Penal Code Section 337(j) makes it a misdemeanor for any person to knowingly permit any controlled game to be conducted, operated or carried on in any building or other premises that he or she owns or leases, if that activity is undertaken by a person who is not licensed as required by state law. Section 337(j) further defines a “controlled game” to include any poker game when played for currency, check, credit, or *anything of value*. Consequently, a poker tournament played for prizes or points redeemable for prizes is a “controlled game” as defined by Section 337(j).

Along with the gaming element we have also considered similar promotional schemes involving “non-gambling” poker tournaments where monetary consideration may not be an element. These types of promotions have also been found inherently problematic because they typically violate our Tied House laws. More specifically, potential violations with gambling style games may be seen with cooperative advertising, free goods and tied-house prohibitions found in Sections 25500 and 25600 of the California Business and Professions Code, and Rule 106 of the California Code of Regulations.

An ABC licensed premises cannot hold, or allow anyone else to hold, a poker tournament on the premises unless it has the proper license from the Division of Gambling Control and, further, which does not violate the ABC Act.

If you have a question about whether a poker game played on your premises violates State law, you should contact the Division of Gambling Control. Some local ordinances may regulate or prohibit gambling activity. You should contact the city where your premises is located to find out if holding a poker tournament violates a local law, ordinance or statute. Questions concerning provisions contained within the ABC Act should be directed to this Department.