

## SENATE THIRD READING

SB 451 (Archuleta)

As Amended September 04, 2025

Majority vote

**SUMMARY**

This bill clarifies the Department of Justice's (DOJ) existing authority to investigate suspected criminal violations of prohibited gambling activities. Additionally, the bill would amend existing law to authorize an eligible organization to conduct a major league sports 50/50 raffle at a championship game, provided the game is held at the designated venue where the affiliated sports team plays its home games.

**Major Provisions**

- 1) Clarifies that DOJ has the responsibility to investigate suspected violations of illegal gambling activities conducted outside of licensed cardrooms, irrespective of whether the suspected violation involves licensees.
- 2) Clarifies that DOJ may investigate, for purposes of prosecution, any suspected criminal violation of the Act.
- 3) States that DOJ may investigate, for purpose of prosecution any suspected criminal violation of specified laws pertaining to the illegal operation of lotteries and other gambling operations, irrespective of whether the suspected violation involves licensees.
- 4) Makes other technical and non-substantive changes relating to DOJ responsibilities to investigate suspected violations of illegal gambling activities.
- 5) Authorize an eligible organization, as defined, to conduct a major league sports 50/50 raffle at a championship game, if held at the designated venue where an affiliated sports team plays their home games.
- 6) Make other technical and conforming changes relating to 50/50 raffles, as defined.

**COMMENTS***Background.*

Gambling Control Act. Under the Gambling Control Act (Act), the California Gambling Control Commission (CGCC) is responsible for licensing and regulating various gambling activities and establishments. The Department of Justice's Bureau of Gambling Control (the Bureau) is tasked with investigating violations and enforcing laws related to controlled gambling. The efforts of both the CGCC and the Bureau are funded through appropriations from the Gambling Control Fund (Fund).

Rise of Illegal "Casitas" in California. In California, the term "casitas" refers to illegal, underground gambling operations, often set up in converted homes, garages, or small commercial spaces, particularly in low-income neighborhoods. These unregulated gambling venues typically offer games like poker, slot machines, and table games, and are often linked to

other criminal activities. Casitas have become an increasingly prevalent issue in several cities, notably in Los Angeles, San Bernardino, and the Bay Area.

These establishments are often found in residential neighborhoods, warehouses, or storefronts with concealed entrances. Many operate covertly, employing lookouts, security cameras, and bouncers to deter law enforcement raids. According to reports from the Los Angeles Times, NBC News, and other outlets, these illegal casinos are frequently linked to gangs, including the Mexican Mafia, as well as activities such as drug trafficking, prostitution, and violent crime.

While California has strict gambling laws, illegal "casitas" continue to thrive in some communities due to high demand for unregulated gambling and the difficulty of shutting them down permanently. Law enforcement agencies, including the FBI, have conducted many operations to dismantle these underground casinos. For example, in April 2021, a significant law enforcement operation targeted an illegal casino in San Diego that culminated in the indictment of 47 individuals. This extensive crackdown involved over 450 officers from agencies such as the FBI and the San Diego Police Department. The coordinated raids led to 35 arrests and the execution of 24 search warrants across various locations, primarily in East San Diego. The investigation, spanning two years, resulted in the seizure of 44 firearms, over 12 pounds of methamphetamine, approximately \$263,000 in cash, and 640 gambling machines.

*State Auditor Report.* On August 25, 2022, the California State Auditor released an audit of the management and use of the Indian Gaming Special Distribution Fund (SDF), concluding that the state has not effectively managed the Gambling Control Fund (Fund). Among other findings, the audit reported that the DOJ improperly charged the SDF for staff time unrelated to tribal gaming regulatory activities.

Although the report did not include findings related to the Bureau inappropriately using the Fund to investigate illegal gambling activities outside of licensed cardrooms, audit staff raised the possibility as an issue to the Bureau during the course of the audit. Prior to the audit, given the Bureau's expertise on state gambling law, the Bureau would routinely assist local law enforcement, especially smaller police departments, in their investigations of suspected illegal underground casinos and charge the Fund for the hours that agents spent on those investigations. However, after the audit, to avoid possible litigation stemming from the legal issue raised by audit staff, the Bureau no longer charges the Fund when assisting local law enforcement.

This bill clarifies DOJ's authority to investigate illegal gambling activities occurring outside a licensed cardroom, thus clarifying DOJ's authority to charge the Fund for such investigations.

*Major League Sports Raffle Program.* SB 451 also makes a statutory change to existing law which allows authorizes an eligible organization to conduct a major league sports raffle if, among other requirements, 50% of the gross receipts generated from the sale of raffle tickets are used to benefit or provide support for beneficial or charitable purposes, as defined, the other 50% is paid to the winner, and the winners of the prizes are determined by a manual draw, as specified. Current law authorizes these raffles only at a home game and prohibits an eligible organization from conducting more than one major league sports raffle per home game.

The Major League Sports Raffle Program, which is administered by the Indian & Gaming Law Section (IGLS) within DOJ's Public Rights Division and the Bureau of Gambling Control (BGC), currently consists of seven dedicated positions to implement, administer, and enforce the program.

According to the Los Angeles Dodgers Foundation, these raffles have raised millions of dollars annually for local charities and nonprofits. Our team found that the 50/50 raffle enables us to broaden our reach in the community and expand our partnerships with local charities and causes. Currently, more than 100 professional sports franchises in 26 states successfully operate 50/50 raffles at sporting events in order to maximize donations to community philanthropic causes.

SB 451 would additionally authorize 50/50 charitable raffles at championship games held in venues where affiliated sports teams play their home games in California. Building on a decade of demonstrated success, the 50/50 raffle program has proven to be a powerful tool for generating critical funding for charitable and nonprofit organizations across California. Each year, these raffles raise millions of dollars to support local causes.

This bill broadens existing practices to include the Super Bowl, allowing team foundations to further invest in philanthropic efforts. With Super Bowl LX slated for Levi's Stadium in Santa Clara—home of the San Francisco 49ers—in 2026, and Super Bowl LXI scheduled for SoFi Stadium in Inglewood—home to both the Los Angeles Rams and Los Angeles Chargers—in 2027, this amendment ensures these high-profile events can serve as enhanced platforms for charitable initiatives.

#### **According to the Author**

According to the author, "California has seen increased levels of unlicensed, illegal gaming. Often called casitas, these illegal operations operate in both residential and commercial areas, fueling violent crime, drug activity, and financial fraud. Local law enforcement currently lacks the necessary resources and jurisdictional authority to shut these illegal operations down permanently, necessitating state-level investigative authority for DOJ. This bill allows this by simply clarifying that DOJ's authority to investigate suspected criminal violations of prohibited gambling activities includes suspected violations that occur outside of a licensed gambling establishment."

The author further states, "In 2026, Levi's Stadium will host Super Bowl LX, and in 2027, SoFi Stadium will host Super Bowl LXI. Allowing a 50/50 raffle at these events will allow team foundations to channel additional dollars to worthy philanthropic organizations."

#### **Arguments in Support**

This bill is sponsored by the Communities for California Cardrooms (CCC) and supported by law enforcement organizations.

According to the CCC, "Illegal gambling operations, commonly known as casitas or 'slap houses,' have rapidly spread across California, particularly in Los Angeles County. According to a 2023 Los Angeles Times investigation, these establishments generate tens of thousands of dollars each week, with profits often funneled into organized crime networks. These illicit venues are frequently associated with severe criminal activities, including violence, drug trafficking, and financial fraud, posing significant threats to community safety and well-being. Local law enforcement agencies currently lack sufficient resources and jurisdictional authority to effectively combat this widespread and deeply entrenched issue. Given these limitations, there is a pressing need for state-level intervention to bolster enforcement efforts. The absence of robust state-level enforcement exacerbates this problem, leaving communities vulnerable to criminal activities that thrive in the shadows."

**Arguments in Opposition**

None on file

**FISCAL COMMENTS**

According to the Assembly Committee on Appropriations analysis, "DOJ and the California Gambling Control Commission (CGCC) report absorbable costs. However, this bill may result in cost pressures of an unknown amount, but potentially in excess of \$150,000, to the Gambling Control Fund, to the extent any additional DOJ enforcement workload is not absorbable within existing resources. The Gambling Control Fund is supported by regulatory fees the CGCC levies on license applicants, cardroom owners, and third-party providers of proposition player services. Increased DOJ investigations of illegal gambling activities will increase charges to the Gambling Control Fund, which may require the CGCC to increase annual fees to balance those costs."

**VOTES****SENATE FLOOR: 39-0-1**

**YES:** Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

**ABS, ABST OR NV:** Reyes

**ASM GOVERNMENTAL ORGANIZATION: 22-0-0**

**YES:** Blanca Rubio, Davies, Alvarez, Berman, Bryan, Carrillo, Alanis, Fong, Gabriel, Gipson, Hoover, McKinnor, Nguyen, Pacheco, Ramos, Michelle Rodriguez, Sanchez, Solache, Soria, Ta, Valencia, Wallis

**ASM APPROPRIATIONS: 15-0-0**

**YES:** Wicks, Sanchez, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache, Ta, Tangipa

**UPDATED**

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