
UNFINISHED BUSINESS

Bill No: SB 451
Author: Archuleta (D), et al.
Amended: 9/4/25 in Assembly
Vote: 27

SENATE GOVERNMENTAL ORG. COMMITTEE: 15-0, 4/8/25

AYES: Padilla, Valladares, Archuleta, Ashby, Blakespear, Cervantes, Dahle, Hurtado, Jones, Ochoa Bogh, Richardson, Rubio, Smallwood-Cuevas, Wahab, Weber Pierson

SENATE APPROPRIATIONS COMMITTEE: 6-0, 5/23/25

AYES: Caballero, Seyarto, Cabaldon, Grayson, Richardson, Wahab

NO VOTE RECORDED: Dahle

SENATE FLOOR: 39-0, 6/4/25

AYES: 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

NO VOTE RECORDED: Reyes

ASSEMBLY FLOOR: 58/0, 9/12/25 – Roll call is not available

SUBJECT: Gambling

SOURCE: Author

DIGEST: This bill clarifies the Department of Justice's (DOJ) authority to investigate suspected violations of illegal gambling activities conducted outside of licensed cardrooms, irrespective of whether the suspected violation involves licensees. Additionally, this bill amends 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 game.

Assembly Amendments 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 game.

ANALYSIS:

Existing law:

- 1) Establishes, under the Gambling Control Act (Act), the California Gambling Control Commission (Commission) which is responsible for licensing and regulating various gambling activities and establishments. Under the Act, the Bureau of Gambling Control (Bureau), under DOJ, is responsible for investigating any violations of, and enforcing controlled gaming activities under the Act. (Business and Professions Code section 19800 et seq.)
- 2) Vests DOJ with the responsibility to investigate violations of prohibitions against specified gambling activities, as enumerated in the Penal Code, including, among others, prohibitions against lotteries, certain games played with cards, dice or any device, or money, and slot machines.
- 3) Establishes the Gambling Control Fund (Fund) within the State Treasury and provides that funds shall be available, upon appropriation by the Legislature, for expenditure by DOJ and the Commission exclusively for the support of DOJ and the Commission in carrying out their duties and responsibilities under the Act.
- 4) Prohibits, with certain exceptions, individuals from operating lotteries. Lotteries are defined as “any scheme for the disposal or distribution of property by chance, among persons who have paid or promised to pay any valuable consideration for the chance of obtaining such property or a portion of it, or for any share or any interest in such property, upon any agreement, understanding, or expectation that it is to be distributed or disposed of by lot or chance, whether called a lottery, raffle, or gift enterprise, or by whatever name the same may be known. (Penal Code Section 319 et seq.)
- 5) Provides, with certain exceptions, that every person who deals, plays, or conducts any banking or percentage game played with cards, dice, or any device, for money, check, credit, or other representative of value, and every

person who plays or bets at or against any of those prohibited games, is guilty of a misdemeanor, and shall be punishable by a fine no less than \$100 nor more than \$1,000, or by imprisonment in the county jail not exceeding six months, or by both the fine and imprisonment. (Penal Code Sections 330 et seq.)

- 6) Authorizes an eligible organization, as defined, to conduct a 50/50 raffle for the purpose of directly supporting specified beneficial or charitable purposes in California, or financially supporting another private, nonprofit, eligible organization.
- 7) Defines an “eligible organization” as a private, nonprofit organization established by, or affiliated with, a team from Major League Baseball, National Hockey League, National Basketball Association, National Football League, Women’s National Basketball Association, or Major League Soccer; or a private, nonprofit organization established by the Professional Golfers’ Association of America, Ladies Professional Golf Association; or National Association for Stock Car Auto Racing that has been qualified to conduct business in California for at least one year prior to conducting a raffle, is qualified for an exemption under section 501 (c)(3) of the Internal Revenue Code, and is exempt from taxation as specified.
- 8) Prohibits an eligible organization from conducting more than one raffle per home game.

This bill:

- 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) Clarifies 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) Authorizes 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 game.

Background

Author Statement. According to the author's office, "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. SB 451 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."

Rise of Illegal "Casitas" in California. In California, "casitas" refer to illegal, underground gambling dens, often operated in converted homes, garages, or small commercial spaces, especially in low-income areas. These underground casinos offer unregulated gambling such as slot machines, poker, and table games, frequently attracting other forms of criminal activity. They have been a growing issue in cities, especially in Los Angeles, San Bernardino, and the Bay Area.

They are typically located in residential areas, warehouses, or storefronts with hidden entrances. Many operate secretly with lookouts, security cameras, and bouncers to try to prevent law enforcement raids. According to reports by the Los Angeles Times, NBC News, and others, these illegal casinos often have connections to gangs, including the Mexican mafia, 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 and Impact on the Bureau. On August 25, 2022, the California State Auditor (Auditor) released a report titled, *Indian Gaming Distribution Fund: The State Could Better Manage Its Distribution Fund and Is Problem Gaming Programs*. The audit found that the DOJ inappropriately charged staff time to the Indian Gaming Special Distribution Fund (SDF) for activities that were not related to its tribal gaming regulatory activities. While the report did not include any findings related to the Bureau inappropriately using funds in the Gambling Control Fund to investigate illegal gambling activities outside of licensed cardrooms, auditing staff, during the audit, raised this as a possible issue to the Bureau.

Prior to the audit, the Bureau would routinely assist local law enforcement, especially smaller police departments, in their investigations on suspected illegal underground casinos. Many times this was simply to provide expertise given the Bureau's significant knowledge of California gambling laws. When investigating and/or assisting local law enforcement on suspected illegal gambling activities conducted outside of license cardrooms, the Bureau would charge the Gambling Control Fund for hours spent by Bureau agents during those investigations. After the audit, the Bureau, fearful of possible litigation based on interpretation by Auditor staff no longer charges the Fund when assisting local law enforcement.

This bill will clarify DOJ's authority to investigate illegal gambling activities even when those activities occur outside a licensed cardroom. Specifically, this bill will clarify that DOJ may investigate violations of Chapter 9 (commencing with section 319) and Chapter 10 (commencing with section 330) of the California Penal Code. In doing so, this bill will clarify that DOJ may use funds in the Gambling Control Fund to investigate illegal gambling activities even when those activities occur outside of a licensed cardrooms.

History of Major League Sports Raffle Program. Charitable raffles have been legal in the State of California since July 1, 2001, with the successful passage of SB 639 (McPherson, Chapter 778, Statutes of 2000) and voter approval of Proposition 17. Despite their previous illegality, raffles had long been a popular fundraising tool used by various nonprofit organizations. Thus in 2000, local law enforcement authorities and members of the nonprofit community decided to sponsor legislation to legalize some raffles and provide for regulation.

Because a constitutional amendment was needed, Proposition 17 in 2000 was approved by California voters with 59% of the vote to exempt charitable raffles from the prohibition against lotteries provided that the Legislature established reasonable statutory regulations and that 90% of the gross receipts from raffles go directly to beneficial or charitable purposes. Proposition 17 also authorized the Legislature to change the percentages of gross receipts that must go directly to charitable purposes with a two-thirds vote of the Legislature and approval by the Governor.

In 2015, SB 549 (Hall, Chapter 509, Statutes of 2015) authorized, until January 1, 2018, nonprofit organizations, established by professional sports leagues to conduct 50/50 raffles. In these types of raffles 50% of the money goes to the charity and 50% of the money goes to the winner of the raffle. Even though a smaller percentage is going to the charity, supporters of 50/50 raffles argue that the overall amount is greater, since individuals are more inclined to participate; which in turn increases the overall total of funds going to charity.

Under the bill, eligible organizations are authorized to conduct one raffle per home game/event and required to pay a minimum annual registration fee of \$5,000 and \$100 per individual raffle to cover the reasonable costs of DOJ to administer and enforce the provisions of the bill. Subsequent legislation has increased the annual registration fee to \$10,000 and increased the per individual raffle to \$200. DOJ was also authorized to adjust the annual registration fees needed to ensure that revenues fully offset the reasonable costs incurred by DOJ.

The bill also included a prohibition on the use of a random number generator after tribal concerns were raised that the device resembled a gaming device. As such, the bill requires a manual draw which must be recorded for possible inspection by DOJ. SB 549 also included a sunset date of December 31, 2018 to allow the legislature the opportunity to review the program.

In 2018, the legislature passed, and the Governor signed, AB 888 (Low, Chapter 575, Statutes of 2018) which extended the sunset date from December 31, 2018, to January 1, 2024. Among other things, the bill also required eligible organizations to complete much more detailed reports detailing the total amount of money raised by each raffle and the overall 50/50 raffle program. The bill requires those reports to be submitted to DOJ as well as requires eligible organizations to post those reports on their own Internet Web site. Finally, the bill allowed DOJ to be reimbursed by registrants for all reasonable cost DOJ might incur for any auditing, reviewing or evaluating of the program. In 2023, SB 650 (Dodd, Chapter 406,

Statutes of 2023) deleted the sunset date, thus making the 50/50 Major League Sports Raffle Program permanent.

This bill would additionally authorize 50/50 charitable raffles at championship games held in venues where affiliated sports teams play their home games in California. 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.

Related/Prior Legislation

SB 650 (Dodd, Chapter 406, Statutes of 2023) deleted the sunset date, thus making the 50/50 Major League Sports Raffle Program permanent.

AB 553 (Ramos, Chapter 533, Statutes of 2023) requires DOJ to develop and implement a policy and procedure for employees assigned to the Bureau to formally track those house and other expenses that can be charged to the Indian Gaming Special Distribution Fund, as specified.

AB 888 (Low, Chapter 575, Statutes of 2018) extended, from January 1, 2018, to January 1, 2024, the sunset that allows eligible nonprofit organizations that are established or affiliated with various professional sports teams to conduct 50/50 raffles, as specified.

SB 549 (Hall, Chapter 509, Statutes of 2015) authorized, until December 31, 2018, eligible organizations, as defined, to conduct a 50/50 raffle for the purpose of directly supporting a specified beneficial or charitable purpose in California, or financially supporting another private, nonprofit, eligible organization.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Assembly Appropriations Committee, 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.

SUPPORT: (Verified 9/8/25)

Communities for California Cardrooms (Source)
California District Attorneys Association
California Police Chiefs Association
California Statewide Law Enforcement Association
Los Angeles Rams
National Football League
Peace Officers Research Association of California
San Francisco 49ers

OPPOSITION: (Verified 9/8/25)

None received

ARGUMENTS IN SUPPORT: According to the Communities for California Cardrooms, “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 Time investigation, these establishments generates tens of thousands of dollars weekly, with profits often funneled into organized crime networks such as the Mexican Mafia. 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.”

According to the San Francisco 49ers, “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 our team foundations to channel additional dollars to worthy philanthropic organizations.”

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