

**CS FOR HOUSE BILL NO. 272(JUD)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

**BY THE HOUSE JUDICIARY COMMITTEE**

**Offered: 4/27/05**

**Referred: Finance**

**Sponsor(s): REPRESENTATIVE KOTT**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act allowing certain municipalities to adopt ordinances allowing card rooms and**  
2 **card operations."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
5 to read:

6 LEGISLATIVE INTENT. This chapter is intended to benefit the people of Alaska by  
7 promoting tourism and assisting economic development. The public's confidence and trust  
8 will be maintained only through the comprehensive law enforcement supervision and strict  
9 regulation of card rooms and card operations under AS 05.18.

10 \* **Sec. 2.** AS 05 is amended by adding a new chapter to read:

11 **Chapter 18. Card Rooms.**

12 **Article 1. Card Games and Card Rooms.**

13 **Sec. 05.18.010. Card rooms.** (a) Notwithstanding AS 11.66, a person may  
14 establish and operate a card room in the state if the person complies with the licensing

1 and other requirements of this chapter, as well as the statutory requirements applying  
2 to businesses generally.

3 (b) The following non-banking card games may be played in a card room,  
4 according to rules prescribed in regulation by the department:

5 (1) poker;

6 (2) pan;

7 (3) rummy;

8 (4) bridge; and

9 (5) cribbage.

10 **Sec. 05.18.020. Presence of department employees in card rooms.**

11 Employees of the department have the right to be present in a card room or any  
12 adjacent facilities under the control of a licensed owner.

13 **Sec. 05.18.030. Wagers.** (a) The department shall determine minimum and  
14 maximum wagers on card games.

15 (b) A licensed owner may not permit any form of wagering on card games  
16 except as permitted under this chapter.

17 (c) Wagers may be received only from a person present in a licensed card  
18 room. A person present in a card room may not place or attempt to place a wager on  
19 behalf of another person who is not present in the card room.

20 (d) Wagering may not be conducted with money or other negotiable currency.

21 (e) All tokens or chips that are used to make wagers must be purchased from  
22 the owner of the card room while the purchaser is in the card room or at a facility that  
23 is adjacent to the card room and has been approved by the department. The tokens or  
24 chips may be purchased by means of an agreement under which the licensed owner  
25 extends credit to the patron.

26 **Sec. 05.18.040. Persons under 21 years of age.** (a) A person who is under  
27 21 years of age may not be present in a card room.

28 (b) A person who is under 21 years of age may not make a wager under this  
29 chapter.

30 **Article 2. Administration.**

31 **Sec. 05.18.110. Administration, regulation, and enforcement.** (a) The

1 department shall administer, regulate, and enforce the provisions of this chapter. The  
2 department:

3 (1) shall have all powers and duties specified in this chapter;

4 (2) shall have all powers necessary to execute this chapter;

5 (3) shall exercise jurisdiction and supervision over the following:

6 (A) all authorized card operations in the state;

7 (B) all persons in card rooms where card operations are  
8 conducted;

9 (4) shall investigate and reinvestigate applicants and license holders  
10 and determine the eligibility of applicants for licenses and to require applicants and  
11 license holders to reimburse the department for the costs of the investigation and  
12 reinvestigation;

13 (5) shall select from among competing applicants the applicants that  
14 promote the most economic development and that best serve the interests of the  
15 citizens of the state;

16 (6) shall take appropriate administrative enforcement or disciplinary  
17 action against a licensee under this chapter that violates the provisions of this chapter;

18 (7) shall investigate alleged violations of this chapter;

19 (8) shall establish fees for the review and investigation of applications  
20 for the licenses that are authorized under this chapter;

21 (9) may conduct hearings;

22 (10) may issue subpoenas to compel the attendance of witnesses and  
23 subpoenas duces tecum for the production of books, records, and other relevant  
24 documents;

25 (11) may administer oaths and affirmations to witnesses;

26 (12) shall prescribe a form to be used by a licensed owner as an  
27 application for employment by potential employees of the card room and licensees of  
28 the department;

29 (13) may revoke, suspend, or renew licenses issued under this chapter;

30 (14) may hire employees to gather information, conduct investigations,  
31 and carry out other tasks under this chapter;

1 (15) may take any appropriate action to enforce this chapter, including  
 2 the issuance of notices of violations of this chapter or regulations of the department,  
 3 orders to cease and desist, and closure orders;

4 (16) may adopt regulations for the implementation and enforcement of  
 5 this chapter;

6 (17) shall adopt regulations governing the conduct of card games that  
 7 may be played in card rooms;

8 (18) shall adopt regulations specifying the form and amount of charges  
 9 a card room may impose on players for playing card games in the card room;

10 (19) may, through the office of the attorney general, apply to the courts  
 11 for injunctive and declaratory relief in aid of any action or decision of the department  
 12 on any matter within the jurisdiction of the department.

13 (b) The Department of Public Safety and the attorney general may assist the  
 14 department in conducting background investigations of applicants. The department  
 15 shall reimburse the Department of Public Safety for the costs incurred by the  
 16 department as a result of assistance provided to the department under this section. The  
 17 department shall make the payment from fees collected from applicants for licenses.

18 **Sec. 05.18.120. Violations; fees; inspections.** (a) The department shall

19 (1) provide for the establishment and collection of license fees  
 20 imposed under this chapter and deposit the license fees in the state gaming fund;

21 (2) levy and collect penalties for noncriminal violations of this chapter  
 22 and deposit the penalties in the state gaming fund.

23 (b) The department may enter an office, a card room, or other premises of a  
 24 person holding an owner's license where evidence of compliance or noncompliance  
 25 with this chapter is likely to be found.

26 **Sec. 05.18.130. Licensing.** (a) The department shall adopt standards for the  
 27 licensing of persons regulated under this chapter.

28 (b) The department shall require that the records, including financial  
 29 statements, of a person holding an owner's license must be maintained in the manner  
 30 prescribed by the department.

31 (c) The department may not issue a license to a person who has been

1 convicted of a felony in this or another jurisdiction.

2 (d) An applicant for a license under this chapter shall provide the following  
3 information to the department:

4 (1) the name, business address, and business telephone number of the  
5 applicant;

6 (2) an identification of the applicant;

7 (3) the following information for an applicant that is not an individual:

8 (A) the state of incorporation and any states where the  
9 corporation is registered to do business;

10 (B) the names and addresses of all corporate officers;

11 (C) the identity of

12 (i) any entity in which the applicant has an equity  
13 interest of at least 20 percent; the identification must include the state  
14 of incorporation or registration, if applicable; however, an applicant  
15 that has a pending registration statement filed with the United States  
16 Securities and Exchange Commission is not required to provide  
17 information under this item;

18 (ii) the shareholders or participants of the applicant; an  
19 applicant that has a pending registration statement filed with the United  
20 States Securities and Exchange Commission is required to provide only  
21 the names of persons holding an interest of more than 20 percent of all  
22 shares;

23 (4) an identification of any business, including the state of  
24 incorporation and all states where the business is registered to do business, if  
25 applicable, in which an applicant or the spouse or children of an applicant has an  
26 equity interest of more than 20 percent of all shares;

27 (5) if the applicant has been indicted, been convicted, pled guilty or  
28 nolo contendere, or forfeited bail concerning a criminal offense other than a traffic  
29 violation under the laws of any jurisdiction, the applicant must include the following  
30 information under this paragraph:

31 (A) the name and location of the court, the arresting agency,

1 and the prosecuting agency;

2 (B) the case number;

3 (C) the date and type of offense;

4 (D) the disposition of the charge;

5 (E) the location and length of incarceration, if any;

6 (6) a statement of whether the applicant has filed or had filed against  
7 the applicant a proceeding in bankruptcy or been involved in a formal process to  
8 adjust, defer, suspend, or work out the payment of a debt, including the date of filing,  
9 the name and location of the court, and the case and number of the disposition;

10 (7) a statement of whether the applicant has filed or been served with a  
11 complaint or notice filed with a public body concerning a delinquency in the payment  
12 of or a dispute over a filing concerning the payment of a tax required under federal,  
13 state, or local law, including the amount, type of tax, taxing agency, and times  
14 involved;

15 (8) the name and business telephone number of the attorney who will  
16 represent the applicant in matters before the department;

17 (9) a description of a proposed or an approved card room, including  
18 the expected economic benefit to local communities;

19 (10) the following information from each licensee involved in the  
20 ownership or management of card operations:

21 (A) an annual balance sheet;

22 (B) an annual income statement;

23 (C) a list of the stockholders or other persons having at least 20  
24 percent beneficial interest in the card room activities of the person who has  
25 been issued the owner's license;

26 (D) any other information the department considers necessary  
27 for the effective administration of this chapter.

28 (e) The department shall review and approve or disapprove promptly and in  
29 reasonable order all license applications.

30 (f) A party aggrieved by an action of the department denying, suspending,  
31 revoking, restricting, or refusing the renewal of a license may request a hearing before

1 the department. A request for a hearing must be made to the department in writing not  
2 more than 10 days after service of notice of the action of the department.

3 (g) Except as provided in AS 05.18.180, the department shall serve notice of  
4 the department's actions under this section on a party by personal delivery or by  
5 certified mail. Notice served by certified mail is considered complete on the business  
6 day following the date of the mailing.

7 (h) The department shall conduct all requested hearings under this section  
8 promptly and in reasonable order.

9 **Sec. 05.18.140. Card room advisory board.** (a) The governor shall appoint  
10 five individuals to serve on a card room advisory board. Appointments to the board  
11 shall be for a period of five years.

12 (b) The card room advisory board shall make recommendations to the  
13 department relating to license applications and policy issues relating to card rooms.

14 (c) Members of the card room advisory board serve without compensation and  
15 are not entitled to per diem and travel expenses authorized by law for boards and  
16 commissions under AS 39.20.180.

17 **Sec. 05.18.150. Violations of chapter; fraudulent acts.** If a licensee or an  
18 employee of a licensee violates this chapter or engages in a fraudulent act, the  
19 department may

20 (1) suspend, revoke, or restrict the license of a licensee;

21 (2) require the removal of a licensee or an employee of a licensee from  
22 the card room;

23 (3) impose a civil penalty of not more than \$5,000 against an  
24 individual who has been issued an occupational license for each violation of this  
25 chapter;

26 (4) impose for each violation of this chapter by a licensed owner a  
27 penalty of not more than the greater of \$10,000 or an amount equal to the licensee's  
28 daily gross receipts for each day of the violation.

29 **Sec. 05.18.160. Investigative procedure; complaints.** (a) The department  
30 shall review and make a determination on a complaint by a person who has been  
31 issued an owner's license concerning an investigative procedure that the licensee

1 alleges is unnecessarily disruptive of card operations.

2 (b) A licensee filing a complaint under this section must prove by clear and  
3 convincing evidence that the investigative procedure

4 (1) does not have a reasonable law enforcement purpose; and

5 (2) is so disruptive as to unreasonably inhibit card operations.

6 (c) For purposes of this section, the need to inspect and investigate a licensee  
7 shall be presumed at all times.

8 **Sec. 05.18.170. Transfer of licenses; rules of procedure; prohibitions.** (a)

9 A licensed owner or another person shall apply for and must receive the department's  
10 approval before an owner's license is transferred, sold, or, purchased or a voting trust  
11 agreement or other similar agreement is established with respect to the owner's  
12 license. A licensed owner or another person may not lease, hypothecate, or borrow or  
13 loan money against an owner's license.

14 (b) The department shall adopt regulations governing the procedure a licensed  
15 owner or another person shall follow to take an action under (a) of this section. The  
16 regulations must specify that a person who obtains an ownership interest in a license  
17 shall meet the criteria of this chapter and regulations adopted by the department. A  
18 licensed owner may transfer an owner's license only in accordance with this chapter  
19 and regulations adopted by the department.

20 **Sec. 05.18.180. Suspension of license without notice or hearing; revocation**  
21 **of license.** (a) The department may suspend a license issued to the owner of a card  
22 room without notice or hearing if the department determines that the safety or health  
23 of patrons or employees would be threatened by the continued operation of the card  
24 room. The opportunity for a hearing shall be provided within a reasonable time  
25 following a suspension.

26 (b) The suspension of a license under this section may remain in effect until  
27 the department determines that the cause for suspension has been abated. The  
28 department may revoke the license if the department determines that the owner has not  
29 made satisfactory progress toward abating the hazard.

30 **Sec. 05.18.190. Department records.** (a) Notwithstanding any other law,  
31 upon written request from a person, the department shall provide the following

1 information to the person:

2 (1) the information provided under this chapter concerning a licensee  
3 or an applicant;

4 (2) a copy of a letter providing the reasons for the denial of an owner's  
5 license;

6 (3) a copy of a letter providing the reasons for the department's refusal  
7 to allow an applicant to withdraw the applicant's application.

8 (b) The department may assess fees for the copying of information provided  
9 by the department to a person requesting information under (a) of this section.

10 **Article 3. Licenses.**

11 **Sec. 05.18.200. Owner's licenses.** (a) The department may issue to a person  
12 a license to own a card room and conduct card games in any municipality of the state  
13 with a population of at least 30,000 according to the most recent federal census  
14 information if the municipality has adopted an ordinance, ratified by a majority of the  
15 municipal voters voting on the question, authorizing card rooms and card games in  
16 that municipality. The total number of owner's licenses issued in a municipality may  
17 not exceed the total population of the municipality divided by 30,000.

18 (b) A person applying for an owner's license under this chapter shall pay a  
19 nonrefundable \$25,000 application fee to the department.

20 (c) An applicant shall submit the following on forms provided by the  
21 department:

22 (1) the information required under AS 05.18.130;

23 (2) if the applicant is an individual, two sets of the individual's  
24 fingerprints;

25 (3) if the applicant is not an individual, two sets of fingerprints for  
26 each officer and director of the applicant.

27 (d) The department shall review an application for an owner's license under  
28 this chapter and inform each applicant of the department's decision concerning the  
29 issuance of an owner's license.

30 (e) The costs of investigation of an applicant for an owner's license under this  
31 chapter shall be included in the application fee paid by the applicant.

1 (f) An applicant for an owner's license under this chapter shall pay all  
 2 additional costs that are associated with the investigation of the applicant that exceed  
 3 the portion of the application fee paid by the applicant that is assessed for the  
 4 investigation.

5 (g) The department may not issue an owner's license under this chapter to a  
 6 person if the person

7 (1) has been convicted of a felony under the laws of the state, the laws  
 8 of another state, or laws of the United States;

9 (2) has knowingly or intentionally submitted an application for a  
 10 license under this chapter that contains false information;

11 (3) is an officer, a director, or a managerial employee of a person  
 12 described in (1) or (2) of this subsection; or

13 (4) employs an individual described in (1), (2), or (3) of this subsection  
 14 and that individual participates in the management or operation of card operations  
 15 authorized under this chapter.

16 **Sec. 05.18.210. Factors considered in granting owner's licenses;**  
 17 **submission of design.** In determining whether to grant an owner's license to an  
 18 applicant, the department shall consider

19 (1) the character, reputation, experience, and financial integrity of

20 (A) the applicant;

21 (B) a person that

22 (i) directly or indirectly controls the applicant; or

23 (ii) is directly or indirectly controlled by the applicant

24 or by a person that directly or indirectly controls the applicant;

25 (2) the card room or proposed card room;

26 (3) the good faith affirmative action plan of each applicant to recruit,  
 27 train, and upgrade minorities in all employment classifications;

28 (4) the financial ability of the applicant to purchase and maintain  
 29 adequate liability and casualty insurance;

30 (5) whether the applicant has adequate capitalization to provide and  
 31 maintain the card room for the duration of the license;

1 (6) the extent to which the applicant exceeds or meets other standards  
2 adopted by the department by regulation.

3 **Sec. 05.18.220. Issuance of license; fee; bond.** (a) The department may  
4 issue an owner's license to an eligible person if the person pays an initial license fee  
5 and posts a bond as required in this section. The annual license fee is \$10,000 for each  
6 card table. After a license has been issued, additional tables may be added for an  
7 initial license fee of \$10,000 each; however, the full annual renewal fee for each table  
8 must be paid on or before the anniversary of issuance of the owner's license,  
9 regardless of when the table was added. The department may suspend or revoke a  
10 license if the annual license fee is not paid in a timely fashion.

11 (b) A licensed owner must post a \$500,000 cash bond with the department at  
12 least 60 days before the commencement of the construction of a card room or the  
13 commencement of a card operation under the license, whichever is earlier.

14 (c) The principal of the bond shall be placed without restriction at the disposal  
15 of the department, but interest earned on the principal shall inure to the benefit of the  
16 licensee.

17 (d) The bond is subject to the approval of the department and must be payable  
18 to the department for use by the department in satisfaction of the licensed owner's  
19 financial obligations to the local community, the state, and other parties, as determined  
20 by regulations of the department.

21 (e) If, following a hearing held after at least five days written notice, the  
22 department determines that the amount of a licensed owner's bond is insufficient, the  
23 licensed owner shall, upon written demand of the department, file a new bond.

24 (f) The department may require a licensed owner to file a new bond with a  
25 satisfactory surety in the same form and amount if

26 (1) liability on the old bond is discharged or reduced by judgment  
27 rendered, payment made, or otherwise; or

28 (2) in the opinion of the department, a surety on the old bond becomes  
29 unsatisfactory.

30 (g) If a new bond obtained under (e) or (f) of this section is unsatisfactory, the  
31 department shall cancel the owner's license. If the new bond is satisfactorily

1 furnished, the department shall release, in writing, the surety on the old bond from any  
2 liability accruing after the effective date of the new bond.

3 (h) The total and aggregate liability of the surety on a bond is limited to the  
4 amount specified in the bond, and the continuous nature of the bond may not be  
5 construed as allowing the liability of the surety under a bond to accumulate for each  
6 successive approval period during which the bond is in force.

7 (i) A bond filed under this section is released 60 days after the owner's license  
8 expires and a written request for release is submitted by the licensed owner.

9 **Sec. 05.18.230. Tournaments.** The holder of an owner's license for a card  
10 room shall host a card tournament at least once each calendar quarter, with the gross  
11 proceeds of the tournament to be distributed to a nonprofit educational institution or  
12 group designated by the owner. An application for issuance or renewal of an owner's  
13 license must include proposed dates for the tournaments, and specify the nonprofit  
14 educational institution or group designated to benefit from each tournament. The  
15 licensed owner shall notify the department of any change in the date or beneficiary of  
16 a tournament. A nonprofit educational institution or group may be the designated  
17 beneficiary of only one tournament each year under this section.

18 **Sec. 05.18.240. Term of a license.** An owner's initial license expires five  
19 years after the effective date of the license.

20 **Sec. 05.18.250. Revocation of owner's license for delay.** The department  
21 may revoke an owner's license if

22 (1) the licensee begins regular operations more than 12 months after  
23 receiving the department's approval of the application for the license; and

24 (2) the department determines that the revocation of the license is in  
25 the best interests of the state.

26 **Sec. 05.18.260. Renewal of owner's license; compliance investigations.** (a)  
27 The owner's license may be renewed for an additional five-year period, provided that  
28 the bond required under AS 05.18.220 remains in force, the annual license fees have  
29 been paid in a timely fashion, and the requirements of this section are met.

30 (b) A licensed owner shall undergo a complete investigation by the  
31 department every five years to determine whether the licensed owner remains in

1 compliance with this chapter.

2 (c) Notwithstanding (b) of this section, the department may investigate a  
3 licensed owner at any time the department determines necessary to ensure that the  
4 licensee remains in compliance with this chapter.

5 (d) The licensed owner shall bear the cost of an investigation or  
6 reinvestigation of the licensed owner and an investigation resulting from a potential  
7 transfer of ownership.

8 **Sec. 05.18.270. Schools for training occupational licensees.** This chapter  
9 does not prohibit a licensed owner from operating a school for the training of  
10 occupational licensees.

11 **Sec. 05.18.280. Nature of license.** An owner's license is a revocable privilege  
12 granted by the state and is not a property right.

13 **Sec. 05.18.290. Occupations requiring license.** The department shall  
14 determine the occupations related to card games and card rooms that require a license  
15 under this chapter. The department shall require that an individual applying for an  
16 occupational license may manage card operations for only one licensed owner.

17 **Sec. 05.18.300. Occupational license; requirements; fees; duration;  
18 renewal; compliance investigations.** (a) The department may issue an occupational  
19 license to an individual if

20 (1) the individual has applied for the occupational license and provided  
21 the information required under AS 05.18.130;

22 (2) a nonrefundable application fee set by the department has been  
23 paid on behalf of the applicant in accordance with (b) of this section;

24 (3) the department has determined that the applicant is eligible for an  
25 occupational license; and

26 (4) an annual license fee set by the department has been paid on behalf  
27 of the applicant in accordance with (b) of this section.

28 (b) A licensed owner or an applicant for an owner's license shall pay the  
29 application fee of an individual applying for an occupational license to work at the  
30 licensed owner's card operation and any renewal fees on behalf of an employee or  
31 potential employee. The licensed owner or applicant for an owner's license may seek

1 reimbursement of the application fee or annual license fee from an employee who is  
2 issued an occupational license by the department.

3 (c) A license issued under this section is valid for two years after the date of  
4 issuance.

5 (d) Unless an occupational license is suspended, expires, or is revoked by the  
6 department, the occupational license may be renewed biennially upon the payment of  
7 a license renewal fee by the licensed owner on behalf of the licensee, or by the  
8 licensee in an amount established by the department and a determination by the  
9 department that the licensee is in compliance with this chapter.

10 (e) The department may investigate the holder of an occupational license at  
11 any time the department determines necessary to ensure that the licensee is in  
12 compliance with this chapter.

13 (f) A licensed owner or an applicant for an owner's license shall pay the cost  
14 of an investigation or reinvestigation by the department of a holder of an occupational  
15 license who is employed by the licensed owner. The licensed owner or applicant for  
16 an owner's license may seek reimbursement of the cost of an investigation or  
17 reinvestigation from an employee who holds an occupational license.

18 **Sec. 05.18.310. Qualifications for occupational license.** The department  
19 may not issue an occupational license to an individual unless the individual

20 (1) is at least 21 years of age;

21 (2) has not been convicted of a felony under the laws of this state, the  
22 laws of another state, or the laws of the United States;

23 (3) has demonstrated a level of skill or knowledge that the department  
24 determines is necessary to operate card games; and

25 (4) has met standards of character and fitness adopted by the  
26 department for the holding of an occupational license.

27 **Sec. 05.18.320. Application for occupational license.** (a) An application for  
28 an occupational license shall be made on forms prescribed by the department and  
29 contain all information required by the department.

30 (b) An applicant for an occupational license shall provide the following  
31 information in the application:

1 (1) a statement of whether the applicant has held any other licenses  
2 related to card rooms;

3 (2) if the applicant has been licensed in another state under any other  
4 name, the name under which the applicant was licensed in the other state;

5 (3) the applicant's age.

6 (c) An applicant for an occupational license shall submit with the application  
7 two sets of the applicant's fingerprints. The applicant must submit the fingerprints on  
8 forms provided by the department. The department shall charge each applicant the fee  
9 set by the Department of Public Safety for state and national fingerprint record  
10 searches.

11 **Sec. 05.18.330. Restrictions on issuance of occupational license.** The  
12 department may refuse to issue an occupational license to an individual who

13 (1) is unqualified to perform the duties required of the applicant;

14 (2) does not disclose or states falsely any information required by the  
15 application;

16 (3) has been found guilty of a violation of this chapter; or

17 (4) has not met standards of character and fitness adopted by the  
18 department for the holding of an occupational license.

19 **Sec. 05.18.340. Suspension, revocation, or restriction of licenses.** The  
20 department may suspend, revoke, or restrict an occupational licensee for

21 (1) a violation of this chapter;

22 (2) a cause that, if known to the department, would have disqualified  
23 the applicant from receiving the occupational license;

24 (3) a default in the payment of an obligation or a debt due to the state;

25 or

26 (4) any other just cause.

27 **Sec. 05.18.350. Schools for training occupational licensees.** (a) This  
28 chapter does not prohibit a licensed owner from entering into an agreement with a  
29 school approved by the department for the training of an occupational licensee.

30 (b) Training offered by a school described in (a) of this section must be in  
31 accordance with a written agreement between the licensed owner and the school and

1 approved by the department.

2 **Sec. 05.18.360. Training locations.** Training provided for occupational  
3 licensees may be conducted in a card room or at a school with which a licensed owner  
4 has entered into an agreement under this chapter.

5 **Sec. 05.18.370. Convicted felons; rehabilitation; waiver.** (a) An individual  
6 applying for an occupational license who is disqualified under AS 05.18.310 due to a  
7 conviction for a felony may apply to the department for a waiver of that  
8 disqualification, and the department may issue a license to the person if the  
9 department determines that the individual has demonstrated by clear and convincing  
10 evidence the individual's rehabilitation.

11 (b) In determining whether the individual applying for the occupational  
12 license has demonstrated rehabilitation under (a) of this section, the department shall  
13 consider

14 (1) the nature and duties of the position for which the individual has  
15 applied;

16 (2) the nature and seriousness of the offense or conduct;

17 (3) the circumstances under which the offense or conduct occurred;

18 (4) the date of the offense or conduct;

19 (5) the age of the individual when the offense or conduct was  
20 committed;

21 (6) whether the offense or conduct was an isolated or a repeated  
22 incident;

23 (7) a social condition that may have contributed to the offense or  
24 conduct;

25 (8) evidence of rehabilitation, including good conduct in prison or in  
26 the community, counseling or psychiatric treatment received, acquisition of additional  
27 academic or vocational education, successful participation in a correctional work  
28 release program, or the recommendation of a person who supervises or has supervised  
29 the individual;

30 (9) the complete criminal record of the individual;

31 (10) the prospective employer's written statement that

1 (A) the employer has been advised of all of the facts and  
2 circumstances of the individual's criminal record; and

3 (B) after having considered the facts and circumstances, the  
4 prospective employer will hire the individual if the department grants a waiver  
5 of the requirements of this chapter.

6 (c) The department may not waive the requirements of this chapter for an  
7 individual who has been convicted of committing any of the following:

8 (1) a felony in violation of federal law, as classified in 18 U.S.C. 3559;

9 (2) a felony of fraud, deceit, or misrepresentation under the laws of this  
10 state or another jurisdiction; or

11 (3) a felony of conspiracy to commit a felony of fraud, deceit, or  
12 misrepresentation under the laws of this state or another jurisdiction.

13 **Article 4. Crimes.**

14 **Sec. 05.18.400. Crimes.** (a) A person commits a class A misdemeanor if the  
15 person knowingly

16 (1) makes a false statement on an application submitted under this  
17 chapter;

18 (2) operates a card operation in which wagering is conducted or is to  
19 be conducted in a manner other than the manner required under this chapter;

20 (3) permits a person under 21 years of age to make a wager;

21 (4) aids, induces, or causes a person under 21 years of age who is not  
22 an employee of the card room to enter or attempt to enter the card room;

23 (5) makes a false statement on an application submitted to the  
24 department under this chapter; or

25 (6) enters or attempts to enter a card room and is not an employee of  
26 the card room and is under 21 years of age.

27 (b) A person commits a class C felony if the person knowingly

28 (1) offers, promises, or gives anything of value or benefit

29 (A) to a person who is connected with the owner of a card  
30 room, including an officer or an employee of a licensed owner or holder of an  
31 occupational license; and

1 (B) under an agreement to influence or with the intent to  
2 influence

3 (i) the actions of the person to whom the offer, promise,  
4 or gift was made in order to affect or attempt to affect the outcome of a  
5 card game; or

6 (ii) an official action of the department;

7 (2) solicits, accepts, or receives a promise of anything of value or  
8 benefit

9 (A) while the person is connected with a card room, including  
10 an officer or employee of a licensed owner or a holder of an occupational  
11 license; and

12 (B) under an agreement to influence or with the intent to  
13 influence the actions of the person to affect or attempt to affect the outcome of  
14 a card game or an official action of the department;

15 (3) uses, or possesses with the intent to use, a device to assist in  
16 projecting the outcome of a card game;

17 (4) cheats at a card game;

18 (5) manufactures, sells, or distributes any cards, chips, or device that is  
19 intended to be used to violate this chapter;

20 (6) alters or misrepresents the outcome of a card game on which  
21 wagers have been made after the outcome is made sure but before the outcome is  
22 revealed to the players;

23 (7) places a bet on the outcome of a card game after acquiring  
24 knowledge that is not available to all players and that concerns the outcome of the card  
25 game that is the subject of the bet;

26 (8) aids a person in acquiring the knowledge described in (7) of this  
27 subsection for the purpose of placing a bet contingent on the outcome of a card game;

28 (9) claims, collects, takes, or attempts to claim, collect, or take money  
29 or anything of value in or from a card game with the intent to defraud or without  
30 having made a wager contingent on winning a card game;

31 (10) claims, collects, or takes an amount of money or thing of value of

1 greater value than the amount won in a card game;

2 (11) uses or possesses counterfeit chips or tokens in or for use in a card  
3 game;

4 (12) possesses a key or device designed for opening, entering, or  
5 affecting the operation of a card game, a drop box, or an electronic or mechanical  
6 device connected with the card game or removing coins, tokens, chips, or other  
7 contents of a card game; this paragraph does not apply to a licensee or an employee of  
8 a licensee acting in the course of the employee's employment;

9 (13) possesses materials intended to be used in a manner that violates  
10 this chapter.

11 **Sec. 05.18.410. Possession of cheating devices; presumption.** The  
12 possession of more than one of the devices described in AS 05.18.400(b) as cheating  
13 devices creates a rebuttable presumption that the possessor intended to use the devices  
14 for cheating.

#### 15 **Article 5. General Provisions.**

16 **Sec. 05.18.500. State gaming fund.** There is created in the general fund the  
17 state gaming fund. The state gaming fund consists of all revenue received from card  
18 room activities under this chapter and all other money credited or transferred to the  
19 fund from another fund or source.

20 **Sec. 05.18.900. Definitions.** In this chapter,

21 (1) "card game" means a non-banking card game listed in  
22 AS 05.18.010(b);

23 (2) "card operation" means the conduct of card games in a licensed  
24 card room;

25 (3) "card room" means a structure in which card games authorized  
26 under this chapter are conducted by an owner licensed under this chapter;

27 (4) "cheat" means to alter the selection of criteria that determine the  
28 result of a card game or the amount or frequency of payment in a card game;

29 (5) "department" means the Department of Revenue;

30 (6) "gross receipts" means the total amount of money exchanged for  
31 the purchase of chips or tokens by card room patrons;

- 1 (7) "intentionally" has the meaning given in AS 11.81.900;  
 2 (8) "knowingly" has the meaning given in AS 11.81.900;  
 3 (9) "license" means a license issued by the department under this  
 4 chapter;  
 5 (10) "licensed owner" means a person that owns a card room who is  
 6 licensed under this chapter;  
 7 (11) "licensee" means a person holding a license issued under this  
 8 chapter;  
 9 (12) "owner's license" means a license issued under this chapter that  
 10 allows a person to own and operate a card room.

11 \* **Sec. 3.** AS 11.66.280(2) is amended to read:

12 (2) "gambling" means that a person stakes or risks something of value  
 13 upon the outcome of a contest of chance or a future contingent event not under the  
 14 person's control or influence, upon an agreement or understanding that that person or  
 15 someone else will receive something of value in the event of a certain outcome;  
 16 "gambling" does not include

17 (A) bona fide business transactions valid under the law of  
 18 contracts for the purchase or sale at a future date of securities or commodities  
 19 and agreements to compensate for loss caused by the happening of chance,  
 20 including contracts of indemnity or guaranty and life, health, or accident  
 21 insurance;

22 (B) playing an amusement device that

23 (i) confers only an immediate right of replay not  
 24 exchangeable for something of value other than the privilege of  
 25 immediate replay; and

26 (ii) does not contain a method or device by which the  
 27 privilege of immediate replay may be cancelled or revoked; or

28 (C) an activity authorized by the Department of Revenue under  
 29 AS 05.15 or AS 05.18;

30 \* **Sec. 4.** AS 44.64.030(a)(2) is amended to read:

31 (2) AS 05.15 and AS 05.18 (charitable gaming; card rooms);