

ORDINANCE NO. 431
AUTHORIZING THE ESTABLISHMENT AND OPERATION
OF CARD CLUBS IN THE CITY OF
HAWAIIAN GARDENS, CALIFORNIA

WHEREAS, the People of the City of Hawaiian Gardens, having voted in a special election on November 21, 1995, by a majority have, pursuant to California Business and Professions Code Section 19819, ordained and agreed that:

Card clubs, in which any games permitted by law, such as draw poker, low-ball poker and panguingue (pan) are played, shall be allowed in the City of Hawaiian Gardens.

AND WHEREAS, the City Council acknowledges that the People of the City of Hawaiian Gardens have, by a majority of voters in a special election on November 21, 1995, adopted an ordinance Amending the General Plan and Zoning Ordinance to Create a Card Club Overlay District and Designating an Area to be Included in the Card Club District, and Amending the Municipal Code to Allow for the Establishing and Regulation of Card Clubs, in its entirety (the "Ordinance");

AND WHEREAS, the City Council has learned of the threat of litigation which would either temporarily or permanently enjoin or interfere with the effectiveness or operation of the Ordinance as adopted by the majority of the People of the City of Hawaiian Gardens on November 21, 1995, or because of the adoption of Senate Bill 100 by the Legislature of the State of California, which may impose a moratorium on new card clubs in the State of California, and without expressing any opinion as to the merit or efficacy of said litigation or legislation, the City Council wishes to exercise its authority, out of an excess of caution, and adopt the following ordinance, which is only to become operative immediately upon, but only in the event that, the Ordinance adopted by the People of the City of Hawaiian Gardens, is not effective in part or in its entirety at any time. In the event that any part of the Ordinance adopted by the voters on November 21, 1995 is not effective or operative for any reason, the City Council desires that the corresponding part of this ordinance shall become operative in its place.

THEREFORE, the City Council of the City of Hawaiian Gardens, does hereby ordain as follows:

Section 1. Section 5.04.010 of Chapter 5.04 of Title 5 of the Hawaiian Gardens' Municipal Code is hereby amended to add a new paragraph D at the end of that section to read as follows:

"D. Persons or entities required to obtain a license for a card club pursuant to Chapter 5.92 of this Title are exempt from the provisions of this Chapter."

Section 2. Article II of Chapter 5.06 of Title 5 of the Hawaiian Gardens' Municipal Code is hereby amended to add a new Section 5.06.505 to read as follows:

"5.06.505 Card Club Exemption. A card club licensed under Chapter 5.92 of this Title is exempt from the payment of any license fee provided for in this Chapter and shall instead be subject to those license fees specified in Chapter 5.92."

Section 3. Regulation of Card Clubs. Title 5 of the Hawaiian Gardens Municipal Code is hereby amended by adding thereto a new Chapter 5.92 to read as follows:

"Chapter 5.92

Card Clubs

5.92.010 Popular Name. This Chapter shall be known as the 'Hawaiian Gardens Card Club Ordinance.'

5.92.020 Definitions. For the purposes of this Chapter, the words and phrases hereinafter set forth shall have the following meanings ascribed to them unless the context clearly requires to the contrary:

A. Applicant. 'Applicant' shall mean any person or entity who has applied for a License to operate a Card Club in the City.

B. Card Club. 'Card Club' shall mean a business or enterprise licensed under the provisions of this Chapter for the playing of the Games described in Section 5.92.020(G).

C. Card Game Business. 'Card Game Business' shall mean the conduct of the Games described in Section 5.92.020(G) and shall not include any Related Business as described in Section 5.92.020(K).

D. City. 'City' shall mean the City of Hawaiian Gardens.

E. Chapter. 'Chapter' shall mean Chapter 5.92 of Title 5 of the Hawaiian Gardens Municipal Code.

F. Council. 'Council' shall mean the City Council of the City of Hawaiian Gardens.

G. Game. 'Game' or 'Games' shall mean all games (whether or not involving the use of cards) which are lawful in the State of California.

H. License. 'License' shall mean a license for the operation of a Card Club.

I. Licensee. 'Licensee' shall mean the person or entity to whom a License has been issued for the operation of a Card Club pursuant to this Chapter.

J. Owner. 'Owner' shall mean every person, firm, association, corporation, partnership, or other entity having any interest, whether legal, equitable or of any other kind or character, in any Card Club or License.

K. Related Business. 'Related Business' shall mean business activities occurring at a Card Club other than the playing of the Games, such as entertainment, dancing, the sale of food, beverages (including alcoholic beverages for consumption on the premises), sundries and other items and the provision of services such as barber shop services.

L. State. 'State' shall mean the State of California.

5.92.030 License Required.

A. It shall be unlawful for any person or entity to commence or conduct, or purport to commence or purport to conduct, within the City any business, activity, enterprise, or undertaking used for the playing of any games for which a fee, commission, or compensation is directly or indirectly charged to or accepted or received from players or participants in any such playing of games until such person or entity has first obtained a License in compliance with the provisions of this Chapter.

B. No License shall be issued hereunder for any site located outside of the boundaries of the Card Club Overlay District specified in Section 18.20.040 of the Zoning Ordinance.

5.92.040 License Application.

A. Filing of Application. Any person or entity desiring to conduct a Card Club shall file with the City Clerk a written application for a License. The application shall be executed under penalty of perjury and shall contain, in addition to all other information that the City Clerk may require, the following information and material:

(1) An official receipt from the City Treasurer, indicating receipt of payment in full of the Application Fee and License Fee deposit as required by Section 5.92.050;

(2) The date of the application;

(3) The true name of the Applicant, any aliases of the Applicant, and any fictitious business name or names under which the Applicant currently operates a business;

(4) The status of the Applicant as being an individual (or two or more individuals), firm, association, corporation, partnership, joint venture or other entity;

(5) The residence and business address of each individual Applicant;

(6) The name, residence, and business address of each of the partners, shareholders, and principal officers and directors of any non-individual Applicant;

(7) The business and employment history of the Applicant(s) and each proposed manager of the Card Game Business, including a list of all places of previous residence;

(8) The proposed location for the Card Club;

(9) A list of the Games proposed to be played (which list shall be updated whenever Games are added or eliminated) and a statement that the Games to be played shall be the Games described in Section 5.92.020(G) only, and that no other games are proposed;

(10) The number of tables or other units proposed to be used in the Card Club;

(11) A description of any Related Businesses proposed to be conducted at the same location (which list shall be updated whenever Related Businesses are added or eliminated);

(12) In the event the proposed location is partly or wholly owned by persons or entities other than the Applicant, the names and addresses of such other persons or entities and complete information pertaining to the nature and percentage of ownership;

(13) A one-year detailed Cash Flow Projection, a Pro Forma Financial Statement, a statement of Pre-opening Cash, a financing plan and copies of all loan agreements of the Applicant;

(14) A full and complete financial statement and most recent annual income tax return of the Applicant, and a full and complete financial and invested capital statement of each person who is a limited partner, general partner, officer or director of the Applicant;

(15) A statement that the Applicant understands and agrees that the application shall be considered by the Council only after full investigations and reports have been made by all applicable City staff;

(16) A complete listing of all criminal arrests and convictions of the Applicant and each partner, shareholder, officer and director of the Applicant, if any, not including traffic offenses, with explanations therefor;

(17) A statement that the Applicant understands and agrees that any business or activity conducted or operated under any License shall be operated in full conformity with all the laws of the State and the laws and regulations of the City applicable thereto, and that any violation of any such laws and regulations in such place of business, or in connection therewith, shall render any License subject to immediate suspension or revocation;

(18) A statement that the Applicant has read the provisions of this Chapter and particularly the provisions of this Section, understands the same and agrees to abide by all requirements contained in this Chapter.

Nothing herein shall require that the premises in which the Card Game Business will take place be designed, constructed, or completed prior to the issuance of a License.

B. Investigations and Reports. Whenever an application for a License has been filed with the City Clerk, the City Clerk shall determine whether such application is complete. If the application is determined to be complete and no other application is then being processed, the City Clerk shall immediately refer such application or a copy thereof to the City Administrator's Office, whose staff shall promptly and diligently make an investigation as follows:

(1) A full and complete investigation as to the identity, character and background of the Applicant and the Applicant's partners, officers, directors, management, and staff;

(2) A full and complete evaluation of the security and law enforcement requirements of the proposed Card Club;

(3) A comprehensive evaluation of the Applicant's financial ability to adequately protect the patrons of the Card Club and the citizens of the community; and

(4) A comprehensive evaluation of all public health, welfare and safety matters concerning the proposed Card Club.

The City Clerk and/or the City Administrator may request in writing that the Applicant provide additional relevant information or data not included in the application which information shall be submitted within thirty (30) days after such request, at which time the application shall be certified full and complete. Reports of the investigations required or authorized

herein shall be prepared by the City Administrator and submitted to the Council no later than forty-five (45) days from the date upon which the City Clerk has certified the application as full and complete.

C. Burden of Proof. The burden of proving its qualifications to receive a License is at all times on the Applicant. By filing the application, the Applicant accepts any risk of adverse public notice, embarrassment, criticism, or other action or financial loss which may result from action with respect to the application and expressly waives any claim for damages as a result thereof.

D. Obligation to Provide Information. An Applicant may claim any privilege afforded by the Constitution of the United States in refusing to answer questions by the Council. However, a claim of privilege with respect to an application shall constitute sufficient grounds for denial of the application.

E. Identity of Owners. The Applicant shall also file with the City Clerk a list of the names and addresses of all of the Owners. The Chief of Police shall determine whether or not an investigation of any Owner should be made by a teletype search of the records of the State Criminal Investigation and Identification Unit in Sacramento, California, or otherwise, and forthwith conduct said search as appropriate.

F. Statements Confidential. Personal financial information and home telephone numbers and addresses required to be submitted as part of an application pursuant to this Chapter shall be confidential and not available for public inspection, except as may be required by law.

5.92.050 Application Fee and License Fee Deposit. The Application Fee and License Fee are for both regulation and revenue purposes and are levied pursuant to the authority of applicable laws. An application for a License shall be accompanied by fees and deposits, payable to the City in cash or a cashier's check, as follows:

A. An Application Fee of Twenty-Five Hundred Dollars (\$2,500.00), which shall be retained by the City to pay the costs of the investigation of the Applicant; and

B. A License Fee deposit of Ten Thousand Dollars (\$10,000.00). In the event the License is issued, this deposit shall be applied as a credit toward the License Fee described in Section 5.92.120 hereof. In the event the License is not issued, this deposit shall be returned to the Applicant, without interest within thirty (30) days after the determination not to issue the License is made.

5.92.060 Fingerprints; Photographs. Concurrently with filing the application, the Applicant and each Owner shall be fingerprinted and photographed by the Chief of Police.

5.92.070 Control by Landlord or Financier. If the Council determines that a landlord or financier, by reason of the extent of his holdings or his inherent control financially, cannot, in fact, be separated from the Card Game Business and that, as a practical matter, a single entity exists regardless of the form of organization, it may require that the landlord or financier submit a full application.

5.92.080 Reports Required Before Council Consideration. The Council shall not be required to consider any application for a License until such time as the City staff reports have been filed with the Council. In the event that any of such reports are not filed within the time provided in Section 5.92.040(B) herein, the Council in its sole discretion may proceed further without such reports or may extend the time in which such reports may be filed but in no event for more than an additional forty-five (45) days.

5.92.090 Hearing on Application; Council Determination.

A. Within thirty (30) days after all staff reports have been filed, the Council shall schedule a public hearing on the application, which hearing shall occur no later than thirty (30) days thereafter.

B. Not less than ten (10) days prior to the hearing date, the City Clerk shall mail notice of the hearing to the Applicant and all owners of property within a one thousand (1,000) foot radius of the exterior boundaries of the proposed Card Club site, using for that purpose the last known name and address of such owners as shown upon the Assessment Roll of the County of Los Angeles, and shall cause notice of the hearing to be published once in a newspaper of general circulation in the City. Such notices shall contain a description of the proposed Card Club site, the nature of the License applied for and the time and place of the public hearing. The failure of any owner to receive any notice duly mailed shall not affect, in any way, the validity of any of the proceedings undertaken by the Council pursuant to this Chapter.

C. At the conclusion of the public hearing, the Council shall, by resolution, approve, conditionally approve, or deny the License application. The resolution setting forth the Council's decision shall include findings setting forth the facts and basis for the approval, conditional approval, or denial. Upon adoption of the resolution, the Council's decision on the application shall be final.

5.92.100 Grounds for Denial of Application. The Council may, in its discretion, deny a License application, provided that

such action shall be reasonable and based on at least one of the following reasons:

(1) Conviction of any crime punishable as a felony or of any crime of violence, any crime involving fraud, gambling, loan cere, bookmaking, thievery, bunco, moral turpitude, or any crime involving evasion of taxes, or any other crime of moral turpitude indicating a lack of business integrity or business honesty, whether committed in the State of California or elsewhere, whether denominated as a felony or as a misdemeanor and notwithstanding the passage of time since the conviction.

(2) Failure of the proposed business or activity to be operated in compliance with this Chapter or Federal or State law.

(3) Identification by any law enforcement agency, legislative body or crime commission as a member of, or an associate of, organized criminal elements.

(4) Knowingly making any false statement in the application or as to any other information presented as part of the application process.

(5) Failure to satisfy the Council as to the source of funds to be invested in the proposed venture.

(6) Applicant does not have the financial capability or business experience to operate a Card Club in a manner which would adequately protect the patrons of the Card Club and the citizens of the community.

(7) Applicant is presently under indictment or the subject of a criminal complaint for any of the crimes described in paragraph 1 above.

(8) Lack of evidence that there is adequate financing available to pay potential current obligations and, in addition, to provide adequate working capital to finance opening of the Card Club proposed.

(9) Failure of any person named in the application when summoned by the City Council to appear and testify before it or its agents at such time and place as it may designate.

(10) The plan for maintaining the security of the Card Club is not adequate to keep all cash reserves and deposits in the Card Club, as well as the inhabitants of the Card Club, reasonably safe from theft, robbery and burglary.

(11) Proposed location of Card Club in an area other than in a Card Club Overlay District.

5.92.110 Issuance, Termination and Renewal of License. In approving an application for a License, at the conclusion of the public hearing described in Section 5.92.090, the Council shall issue the License and may impose reasonable conditions upon such License consistent with the requirements contained herein. The City Clerk shall forthwith provide to the Applicant a copy of the City's acceptance form, which shall state that the Applicant is aware of and will abide by all such conditions imposed by the Council. Upon receipt of the acceptance form signed by the Applicant, the City License Collector shall thereupon issue the License, which shall be for a term of twenty-five (25) years from the date on which it was issued, unless revoked by the Council pursuant to the provisions hereof or surrendered by the Licensee. In the event of the surrender, suspension, revocation or expiration of the License, no portion of any License Fee or deposit shall be refunded. Not more than one (1) year nor less than six (6) months prior to the expiration of a License, the Licensee may file with the City Clerk an application for renewal of the License.

5.92.120 Annual License Fee.

A. An Annual License Fee shall be payable with respect to each License issued pursuant to this Chapter, which fee shall be payable to the City upon commencement of operations and then on the anniversary date of such commencement date each year thereafter. The Annual License Fee shall be in the sum of Twenty-Five Thousand Dollars (\$25,000.00). The License Fee deposit, as described in Section 5.92.050(B), shall be credited to the first Annual License Fee to be paid upon commencement of operations.

B. Fees paid pursuant to this Section become the absolute property of the City and shall not be refunded to the Licensee except as specifically provided in this Chapter, nor shall such fees be prorated in any manner whatsoever in the event of cessation of the business by the Licensee, whether voluntary or involuntary.

5.92.130 Gross Revenue License Fee.

A. In addition to the Annual License Fee prescribed by Section 5.92.120 of this Chapter, and in lieu of a gross receipts tax or other tax, fee, charge or assessment which the City may otherwise impose, each Licensee shall pay to the City a Monthly fee, which shall be a percentage of the total monthly gross revenue of the Card Game Business, according to the following schedule:

TOTAL MONTHLY GROSS REVENUE

MONTHLY LICENSE FEE

(1) Less than \$100,000	-0-
(2) \$100,000 but less than \$500,000	10% of excess over \$100,000
(3) \$500,000 but less than \$2,500,000	\$40,000 plus 11% of excess over \$500,000
(4) \$2,500,000 but less than \$5,000,000	\$260,000 plus 12% of excess of over \$2,500,000
(5) \$5,000,000 but less than \$7,500,000	\$560,000 plus 12.5% of excess of over \$5,000,000
(6) \$7,500,000 or more	\$872,500 plus 13.2% of excess over \$7,500,000

B. Upon review of any audit or other year-end report required under the audit plan described in Section 5.92.140, the City Administrator shall cause to be conducted an evaluation of the Gross Revenue License Fee set forth herein. The Council may by resolution adjust the Gross Revenue License Fee, provided that such fee shall not be increased for two (2) years following the commencement of Licensee's operations, and thereafter, the fee shall not be higher than the greater of (a) the fee set forth above, or (b) the mean average percentage of equivalent fees paid by licensed card clubs located within a fifty (50) mile radius of the Licensee's Card Club.

5.92.140 Audits, Reports and Record keeping. Prior to the issuance of the License, but after the License has been approved by the Council, the Licensee shall submit to the City Administrator a plan for independently auditing and reporting the gross revenue of the Card Game Business and for record keeping. The City Administrator shall notify the Licensee in writing within forty-five (45) days of the date submitted, of his or her approval or disapproval of the plan. The Licensee shall cooperate with the City Administrator in revising the plan as necessary to obtain the approval of the City Administrator. The Licensee shall re-submit the auditing plan to the City Administrator for approval annually on the anniversary of the date on which the License was issued.

5.92.150 Number of Licenses Regulated.

A. There exists a compelling need to regulate the number of Card Clubs in the relatively small City of Hawaiian Gardens, so that the City's limited regulatory and police resources are not overtaxed, its limited commercial designated property remains used for, and desirable to, other types of commercial uses, and the health, safety and welfare of residents

are protected from the impacts of an over-concentration of these uses.

B. The Council may initially grant one (1) License for a Card Club in the City. Subsequent licenses may be issued if the City Council affirmatively finds that the additional licensed card club(s) will not have a detrimental impact on the community health, safety and welfare, law enforcement, traffic, income production to the City, the integrity of residential and commercial areas in the City, or the accomplishment of the City's General Plan goals.

5.92.160 Transfer and Assignment of License. No License for a Card Club or any interest therein shall be transferred or assigned in whole or in part except in accordance with this Chapter. Any proposed transfer or assignment of any License shall be considered for all purposes as a new application for a License, and all the provisions of this Chapter applicable to new and original applications shall apply.

5.92.170 Change of Ownership of Premises. In the event that the Card Club is located on property not wholly owned by the Licensee, the Licensee shall notify the City Administrator of any change in the ownership of any portion of the premises at least thirty (30) days before such change, or, if the Licensee is not a party to the transaction effecting the change of ownership, immediately upon acquiring knowledge of such change of ownership.

5.92.180 Transfer of Ownership Interest. No transfer, assignment or sale of any ownership interest in any Card Club, regardless of the manner in which title is held, shall be made without prior written notification to the City Administrator, which notification shall be accompanied by a copy of the Application for Initial Registration filed by the transferee with the California Department of Justice. The City Administrator shall determine whether or not such transfer shall be brought to the attention of the Council and shall so notify the Licensee within thirty (30) days after receipt of the notification of the proposed transfer. In the event that the transfer represents more than five percent of the total of all interests in the Card Club, the City Administrator shall notify the Council. In the event of notice to the Council, the transfer shall not become effective until the Council has conducted such further investigations or hearings as it shall determine. If the Council conducts a hearing on the proposed transfer, its approval or disapproval shall be based upon the same standards as an application for a License.

5.92.190 Divestiture Upon Criminal Conviction.

A. Any Owner who is convicted of a misdemeanor involving moral turpitude or a felony shall divest himself of such ownership interest within one hundred twenty (120) days after the service of a notice of divestiture by the City. Upon receipt of a

notice of divestiture, the recipient may request in writing a hearing before the Council to appeal the notice and request a waiver of the divestiture requirement. A hearing shall be scheduled before the Council within thirty (30) days after the receipt of such request. Upon the conclusion of the hearing, the Council may disregard the conviction or take other action if it is determined by the Council that mitigating circumstances exist and that the public interest will be adequately protected.

B. The decision of the Council shall be final and conclusive. Failure to comply with the provisions of this Section shall constitute a misdemeanor, punishable by a fine or imprisonment. Each day of noncompliance shall constitute a separate and complete offense. In addition, the City Attorney may invoke any appropriate civil remedies available to enforce compliance.

C. No person required pursuant hereto to divest his or her interest in a Card Club may transfer the same to his or her spouse, children, siblings, or parents or to his or her spouse's children, siblings, or parents.

5.92.200 Suspension and Revocation of Licenses. All Licenses authorized and issued under the provisions of this Chapter shall be subject to, and accepted as subject to:

A. Immediate suspension by the City Administrator under the circumstances provided below until a decision is rendered by the City Council pursuant to this Chapter. The matter of such suspension shall be submitted to the City Council at the first meeting following the City Administrator's action. A License may be immediately suspended if the City Administrator finds that:

1. The Attorney General has suspended or revoked a Licensee's or applicant's registration under the California Gaming Registration Act; or

2. A Licensee has violated, or caused the violation of, or knowingly permitted an agent or employee of the Licensee to violate, any provision of this Chapter, any regulation issued pursuant to this Chapter, any condition of approval imposed upon the issuance of the Card Club license, or any state law or regulation relating to the operation of a Card Club where the continued operation of the club in the light of such violation jeopardizes, or threatens to jeopardize, the public welfare.

B. Suspension or revocation by the City Council after a public hearing held after not less than thirty (30) days written notice to the Licensee detailing with specificity the nature and extent of the facts that relate to such proposed suspension or revocation along with all relevant documents related thereto, and

after testimony has been taken from the Licensee and/or any other interested person, if the City Council finds that:

1. The Attorney General has suspended or revoked a Licensee's or applicant's registration under the California Gaming Registration Act; or

2. A Licensee or applicant has violated, or caused the violation of, or knowingly permitted an agent or employee of the Licensee to violate, any provision of this Chapter, any reasonable condition of approval imposed upon the issuance License, or any state or federal law relating to the operation of a Card Club; or

3. A Licensee has failed to pay, when due and payable, any of the fees provided for in this Chapter within ten (10) days after written notice of any such failure;

4. A Licensee has made any fraudulent statements as to a material fact on an application form or as to any other information presented as part of the application process; or

5. A Licensee knowingly commits any act which would have constituted grounds for denial of an application for a license.

6. The Licensee has knowingly continued to employ in any Card Club any individual whom the City Council or any court has found guilty of cheating or using any improper device in connection with any game, whether as a licensee or player at a licensed game, or any person whose conduct of a licensed game as an employee of a licensee resulted in revocation, or suspension of the Card Club license of such licensee;

7. The Licensee has been convicted of a crime punishable as a felony or of any crime of violence, any crime involving fraud, gambling, ~~loan cere~~, bookmaking, thievery, bunco, moral turpitude, or any crime involving evasion of taxes, or any other crime of moral turpitude indicating a lack of business integrity or business honesty, whether committed in the State of California or elsewhere, whether denominated as a felony or as a misdemeanor and notwithstanding the passage of time since the conviction. Such a conviction may be deemed by the City Council as suitable grounds for revocation or suspension of the Licensee's Card Club license, prior to the exhaustion of the Licensee's appellate rights, if the conviction acts as a detriment to Card Club activity in the City.

5.92.210 Conduct of the City Council Hearing.

A. Oral evidence shall be taken only on oath or affirmation.

B. Both the City and the Licensee shall have the right to call and examine witnesses, to introduce exhibits, to cross-examine witnesses, to cross-examine opposing witnesses on any matter relevant to the issue, whether or not that matter was covered in the direct examination, to impeach any witness regardless of which party first called the witness to testify, and to rebut the evidence against any witness. The Licensee may require the attendance of witnesses by requesting the issuance of subpoenas by the Council at least twenty-four (24) hours prior to the hearing.

C. The technical rules relating to evidence and witnesses, as provided in the California Evidence Code, shall not apply. However, only evidence relevant to the subject matter of the hearing and which is not repetitious will be accepted. Hearsay evidence is admissible, but is not sufficient in itself to support a suspension or revocation of the license.

D. If the matter constituting possible grounds for revocation has been corrected, eliminated, or resolved prior to the scheduled hearing or continued hearing, the Council shall not be required to set the matter for public hearing or may cancel a hearing or continued hearing if previously scheduled.

5.92.220 Decision of City Council. The decision of the City Council shall be rendered at the conclusion of the public hearing and shall be final and conclusive. In the event of suspension or revocation of a license, no part of any license fee previously paid shall be refunded.

5.92.230 Refusal to File Statement, Pay Fee or Reveal Records. Any failure or refusal of a Licensee to file any statement within the time required, to pay any Licensee Fee when due, or to permit inspections of the books, records, and accounts of the Card Game Business of the Licensee after ten (10) days written notice to such Licensee and the Licensee's failure or refusal to continue to so comply, shall constitute full and sufficient grounds for the revocation or suspension of the License of that Licensee in the sole discretion of the Council.

5.92.240 Refunds upon Suspension or Revocation. In the event of the suspension or revocation of the License, no part of any License Fee paid by the Licensee shall be refunded.

5.92.250 New Application Following Revocation. In the event of the revocation of a License, no new License shall be issued to such Licensee except upon application made pursuant to Section 5.92.040 as if the Licensee were a new Applicant.

5.92.260 Registration, Fingerprinting, and Photographing of Employees.

A. Each person employed by a Card Club in the City shall be fingerprinted and photographed by the Chief of Police within three (3) business days after beginning such employment.

B. Each person employed by a Card Club shall be required to obtain a registration card issued by the Chief of Police as a condition of continued employment. Until the Chief of Police duly issues a registration card to an employee, such employee shall be employed on an interim basis only. In the event the Chief of Police notifies the Licensee in writing that a registration card will not be issued to any employee or that the registration of any employee is revoked, then the Licensee shall immediately discharge such employee.

C. Upon being provided with the required information concerning the employment of any person, the Chief of Police shall investigate the employee to be fingerprinted and investigated with respect to the matters described in Section 5.92.100(1) hereof. If such investigation reveals convictions of the type described therein, the Chief of Police may refuse to issue a registration card, in which event the Chief shall immediately notify the Licensee in writing of such action. If the Chief of Police issues a registration card, it shall be given to the employee and the Licensee shall receive written notification thereof. Following issuance of the registration card, the employee shall be required to carry the card on his or her person at all times while working on the Card Club premises.

D. It shall be the responsibility and duty of the Chief of Police to establish the necessary procedures to implement and administer the provisions of this Section. The information received by the Chief of Police shall be treated as confidential and shall be accessible only to the Council, the City Administrator, the Chief of Police, and the Licensee.

5.92.270 Inspection and Visibility of Premises. All rooms in which Games are played shall be accessible and visible to all patrons and shall have no less than five (5) tables per room. The Licensee shall permit authorized governmental officials to observe all portions of the premises on a twenty-four (24) hour basis, and the entire premises shall be open for inspection during all hours by the City Administrator or his representative, without a search warrant.

5.92.280 Seat Rental Fees. Seat rental rates shall be determined by the Licensee. Such rates and the effective dates thereof shall be posted in full and unobstructed view and in appropriate locations within the card room.

5.92.290 Minimum Age Requirements. No person under the age of 21 years shall be permitted to enter upon the premises of a Card Club, or any part thereof, except the following:

A. An area, physically separated from any gambling area, for the exclusive purpose of dining. For purposes of this Section, any place wherein food or beverages are dispensed primarily by vending machines shall not constitute a place for dining.

B. Restrooms.

C. A supervised room that is physically separated from any gambling area and used exclusively for the purpose of entertainment or recreation.

Any area of a Card Club wherein Card Game Business is conducted shall have an entrance that shall not expose entrants to the gambling area. All persons under the age of 21 years shall be restricted to such entrance.

5.92.300 Rules and Regulations. The Council may from time to time enact rules and regulations governing the operation of Card Clubs and the activity conducted in Card Clubs, provided such rules and regulations do not conflict with the provisions of this Chapter. Copies of the rules and regulations shall be given to all Licensees prior to the effective date thereof. It shall be unlawful for any Licensee or other person or entity to violate any of such rules or regulations.

5.92.310 Non-discrimination; Compliance With Laws and Regulations. The Licensee agrees for himself, and his successors and assigns, and every successor in interest to the Card Club or any part thereof, as follows:

A. The Licensee shall not unlawfully discriminate nor permit any unlawful discrimination in connection with the operation of the Card Club, based upon race, sex, marital status, age, color, creed, religion, national origin or ancestry.

B. The Licensee shall use its best efforts to employ as many persons as reasonably possible who live within the City, who reflect the demographic makeup of the City, and who otherwise satisfy the employment requirements of the Card Club. The Licensee shall use the facilities of the City to obtain employees and shall advertise in publications that are circulated in the general area of the Licensee's location. The City shall cooperate with the Licensee in seeking such employees.

C. The Licensee will from time to time, upon request by the City, furnish to the City reasonable data concerning the nature of the efforts by the Licensee to otherwise comply with this Section.

5.92.320 Presumptions. The City Council, in adopting the provisions of this Chapter which permits the playing of the Games, hereby declares that the playing of Games not prohibited by

statute is conducive to public morals when such Games are played and conducted according to all laws, rules and regulations, and that in any proceedings to revoke or suspend a License, to abate the business conducted thereunder, or to prosecute the Licensee or its employees for any act authorized thereby, it shall be presumed that such acts are not unlawful and that such business is not a public or private nuisance.

5.92.330 Violations. It shall be unlawful for any person or entity to violate any of the provisions of this Chapter or any of the rules and regulations established or promulgated hereunder.

5.92.340 Penalties. Any person or entity violating any of the provisions of this Chapter or any of the rules and regulations promulgated hereunder shall be guilty of a misdemeanor.

5.92.350 Severability. If any section, subsection, sentence, clause, phrase, or portion of this Chapter is for any reason held to be invalid or unenforceable by a court of competent jurisdiction, the remaining portions of this Chapter shall nonetheless remain in full force and effect and the City Council hereby directs and authorizes the court to correct, interpret and add words as may be necessary to effectuate the intent of the remaining portions of this Chapter. The City Council hereby declares that it would have adopted each section, subsection, sentence, clause, phrase, or portion of this Chapter, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases or portions of this Chapter be declared invalid or unenforceable."

Section 4. Section 9.20.010 of Chapter 9.20 of Title 9 of the Hawaiian Gardens Municipal Code is hereby amended to add a new paragraph C to read as follows:

"C. Notwithstanding any other provision of this Code, including but not limited to paragraphs A and B of this Section 9.20.010, no provision of this Code shall be deemed or construed to prohibit card clubs or the types of gambling and gaming conducted therein to the extent that such gambling and gaming is authorized or allowed by California Business and Professions Code Section 19800 et seq. or successor statutes, as they may be amended from time to time."

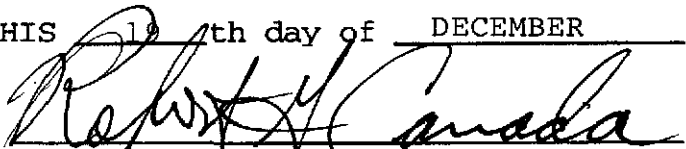
Section 5. Severability. If any section, subsection, sentence, clause, phrase, or portion of this ordinance is for any reason held to be invalid or unenforceable by a court of competent jurisdiction, the remaining portions of this ordinance shall nonetheless remain in full force and effect and the City Council hereby directs and authorizes the court to correct, interpret and add words as may be necessary to effectuate the intent of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted each section, subsection, sentence, clause, phrase, or portion

of this ordinance, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases or portions of this ordinance be declared invalid or unenforceable.

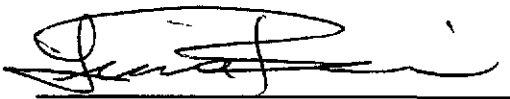
Section 6. Effective and Operative Dates of this ordinance. This ordinance shall become effective thirty (30) days after adoption. This ordinance shall be operative as follows: (i) this ordinance shall become operative immediately upon, but only in the event that, the Ordinance Authorizing the Establishment and Operations of Card Clubs in the City of Hawaiian Gardens, etc., that was approved by the voters in the special election held on November 21, 1995, is for any reason, determined by a court of competent jurisdiction, to not be effective in its entirety or otherwise not to be operative, or (ii) sections of this ordinance shall be operative immediately upon, but only in the event that, corresponding sections of the Ordinance Authorizing the Establishment and Operations of Card Clubs in the City of Hawaiian Gardens, etc., that was approved by the voters in the special election held on November 21, 1995, are for any reason, determined by a court of competent jurisdiction, to not be effective or otherwise not to be operative.

Section 7. The City Clerk shall certify to the adoption of this ordinance and shall publish and post this ordinance as required by law.

PASSED, APPROVED AND ADOPTED THIS 19th day of DECEMBER, 1995.


MAYOR, CITY OF HAWAIIAN GARDENS

ATTEST:

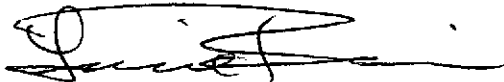

CITY CLERK, DEPUTY
CITY OF HAWAIIAN GARDENS

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF HAWAIIAN GARDENS)

I, Lucie Recio, Deputy City Clerk of the City of Hawaiian Gardens, do hereby certify that Ordinance No. 431 was duly and regularly passed and adopted by the City Council of the City of Hawaiian Gardens at a Regular Adjourned meeting on the 19th day of December 1995, by the following roll call vote, as the same appears on file and of record in the Office of the City Clerk.

AYES: Prida, Cabrera, Canada
NOES: Flores, Navejas
ABSENT: None
ABSTAIN: None



Lucie Recio
Deputy City Clerk

PROOF OF PUBLICATION

(2015.5 C.C.P.)

This space is for the County Clerk's Filing Stamp

STATE OF CALIFORNIA,
County of Los Angeles,

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above-entitled matter. I am the principal clerk of the printer of the Long Beach Press-Telegram, a newspaper of general circulation, printed and published 7 times each week in the City of Long Beach, County of Los Angeles, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Los Angeles, State of California, under the date of March 21, 1934.

Proof of Publication of

CITY OF HAWAIIAN GARDENS
ORDINANCE No 431

Case Number 370512; that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

Jan 3,
all in the year 1996.

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Dated at Long Beach, California, this _____

3rd day of

January, 1996

Barbara Callison
Signature

Press-Telegram

Legal Advertising Department
604 Pine Avenue, Long Beach, CA 90844
(213) 499-1236

AUTHORIZING THE ESTABLISHMENT AND OPERATION OF CARD CLUBS IN THE CITY OF HAWAIIAN GARDENS, CALIFORNIA

WHEREAS, the People of the City of Hawaiian Gardens, having voted in a special election on November 21, 1995, by a majority have, pursuant to California Business and Professions Code Section 19819, ordained and agreed that:

Card clubs, in which any games permitted by law, such as draw poker, low-ball poker and panguingue (pan) are played, shall be allowed in the City of Hawaiian Gardens.

AND WHEREAS, the City Council acknowledges that the People of the City of Hawaiian Gardens have, by a majority of voters in a special election on November 21, 1995, adopted an ordinance Amending the General Plan and Zoning Ordinance to Create a Card Club Overlay District and Designating an Area to be Included in the Card Club District, and Amending the Municipal Code to Allow for the Establishing and Regulation of Card Clubs, in its entirety (the "Ordinance");

AND WHEREAS, the City Council has learned of the threat of litigation which would either temporarily or permanently enjoin or interfere with the effectiveness of operation of the Ordinance as adopted by the majority of the People of the City of Hawaiian Gardens on November 21, 1995, or because of the adoption of Senate Bill 100 by the Legislature of the State of California, which may impose a moratorium on new card clubs in the State of California, and without expressing any opinion as to the merit or efficacy of said litigation or legislation, the City Council wishes to exercise its authority, out of an excess of caution, and adopt the following ordinance, which is only to become operative immediately upon, but only in the event that, the Ordinance adopted by the People of the City of Hawaiian Gardens is not effective in part or in its entirety at any time. In the event that any part of the Ordinance adopted by the voters on November 21, 1995 is not effective or operative for any reason, the City Council desires that the corresponding part of this ordinance shall become operative in its place.

THEREFORE, the City Council of the City of Hawaiian Gardens, does hereby ordain as follows:

Section 1. Section 5.04.010 of Chapter 5.04 of Title 5 of the Hawaiian Gardens' Municipal Code is hereby amended to add a new paragraph D at the end of that section to read as follows:

"D. Persons or entities required to obtain a license for a card club pursuant to Chapter 5.92 of this Title are exempt from the provisions of this Chapter."

Section 2. Article II of Chapter 5.06 of Title 5 of the Hawaiian Gardens' Municipal Code is hereby amended to add a new Section 5.06.505 to read as follows:

"5.06.505 Card Club Exemption. A card club licensed under Chapter 5.92 of this Title is exempt from the payment of any license fee provided for in this Chapter and shall instead be subject to those license fees specified in Chapter 5.92."

Section 3. Regulation of Card Clubs, Title 5 of the Hawaiian Gardens Municipal Code is hereby amended by adding thereto a new Chapter 5.92 to read as follows:

**"Chapter 5.92
Card Clubs"**

5.92.010 Popular Name. This Chapter shall be known as the 'Hawaiian Gardens Card Club Ordinance'.

5.92.020 Definitions. For the purpose of this Chapter, the words and phrases hereinafter set forth shall have the following meanings ascribed to them unless the context clearly requires to the contrary:

A. Applicant. 'Applicant' shall mean any person or entity who has applied for a License to operate a Card Club in the City.

B. Card Club. 'Card Club' shall mean a business or enterprise licensed under the provisions of this Chapter for the playing of the Games described in Section 5.92.020(G).

C. Card Game Business. 'Card Game Business' shall mean the conduct of the Games described in Section 5.92.020(G) and shall not include any Related Business as described in Section 5.92.020(K).

D. City. 'City' shall mean the City of Hawaiian Gardens.

E. Chapter. 'Chapter' shall mean Chapter 5.92 of Title 5 of the Hawaiian Gardens Municipal Code.

F. Council. 'Council' shall mean the City Council of the City of Hawaiian Gardens.

G. Game. 'Game' or 'Games' shall mean all games (whether or not involving the use of cards) which are lawful in the State of California.

H. License. 'License' shall mean a license for the operation of a Card Club.

I. Licensee. 'Licensee' shall mean the person or entity to whom a License has been issued for the operation of a Card Club pursuant to this Chapter.

J. Owner. 'Owner' shall mean every person, firm, association, corporation, partnership, or other entity having any interest, whether legal, equitable or of any other kind or character, in any Card Club or License.

K. Related Business. 'Related Business' shall mean business activities occurring at a Card Club other than the playing of the Games, such as entertainment, dancing, the sale of food, beverages (including alcoholic beverages for consumption on the premises), sundries and other items and the provision of services such as barber shop services.

L. State. 'State' shall mean the State of California.

5.92.030 License Required

A. It shall be unlawful for any person or entity to commence or conduct, or purport to commence or purport to conduct, within the City any business, activity, enterprise, or undertaking used for the playing of any games for which a fee, commission, or compensation is directly or indirectly charged to or accepted or received from players or participants in any such playing of games until such person or entity has first obtained a License in compliance with the provisions of this Chapter.

B. No License shall be issued hereunder for any site located outside of the boundaries of the Card Club Overlay District specified in Section 18.20.040 of the Zoning Ordinance.

5.92.040 License Application.

A. Filing of Application. Any person or entity desiring to conduct a Card Club shall file with the City Clerk a written application for a License. The application shall be executed under penalty of perjury and shall contain, in addition to all other information that the City Clerk may require, the following information and material:

(1) An official receipt from the City Treasurer indicating receipt of payment in full of the Application Fee and License Fee deposit as required by Section 5.92.050;

(2) The date of the application;

(3) The true name of the Applicant, any aliases of the Applicant, and any fictitious business name or names under which the Applicant currently operates a business;

(4) The status of the Applicant as being an individual (or two or more individuals), firm, association, corporation, partnership, joint venture or other entity;

(5) The residence and business address of each individual Applicant;

(6) The name, residence, and business address of each of the partners, shareholders, and principal officers and directors of any non-individual Applicant;

(7) The business and employment history of the Applicant(s) and each proposed manager of the Card Game Business, including a list of all places of previous residence;

(8) The proposed location for the Card Club;

(9) A list of the Games proposed to be played (which list shall be updated whenever Games are added or eliminated) and a statement that the Games to be played shall be the Games described in Section 5.92.020(G) only, and that no other games are proposed;

(10) The number of tables or other units proposed to be used in the Card Club;

(11) A description of any Related Businesses proposed to be conducted at the same location (which list shall be updated whenever Related Businesses are added or eliminated);

(12) In the event the proposed location is partly or wholly owned by persons or entities other than the Applicant, the names and addresses of each other persons or entities and complete information pertaining to the nature and percentage of ownership;

(13) A one-year detailed Cash Flow Projection, a Pro Forma Financial Statement, a statement of Pre-opening Cash, a financing plan and copies of all loan agreements of the Applicant;

(14) A full and complete financial statement and most recent annual income tax return of the Applicant, and a full and complete

limited partner, general partner, officer or director of the Applicant;

(15) A statement that the Applicant understands and agrees that the application shall be considered by the Council only after full investigations and reports have been made by all applicable City staff;

(16) A complete listing of all criminal arrests and convictions of the Applicant and each partner, shareholder, officer and director of the Applicant, if any, not including traffic offenses, with explanations therefor;

(17) A statement that the Applicant understands and agrees that any business or activity conducted or operated under any License shall be operated in full conformity with all the laws of the State and the laws and regulations of the City applicable thereto, and that any violation of any such laws and regulations in such place of business, or in connection therewith, shall render any License subject to immediate suspension or revocation;

(18) A statement that the Applicant has read the provisions of this Chapter and particularly the provisions of this Section, understands the same and agrees to abide by all requirements contained in this chapter.

Nothing herein shall require that the premises in which the Card Game Business will take place be designed, constructed, or completed prior to the issuance of a License.

B. Investigations and Reports. Whenever an application for a License has been filed with the City Clerk, the City Clerk shall determine whether such application is complete. If the application is determined to be complete and no other application is then being processed, the City Clerk shall immediately refer such application or a copy thereof to the City Administrator's Office, whose staff shall promptly and diligently make an investigation as follows:

(1) A full and complete investigation as to the identity, character and background of the Applicant and the Applicant's partners, officers, directors, management, and staff;

(2) A full and complete evaluation of the security and law enforcement requirements of the proposed Card Club;

(3) A comprehensive evaluation of the Applicant's financial ability to adequately protect the patrons of the Card Club and the citizens of the community; and

(4) A comprehensive evaluation of all public health, welfare and safety matters concerning the proposed Card Club.

The City Clerk and/or the City Administrator may request in writing that the Applicant provide additional relevant information or data not included in the application which information shall be submitted within thirty (30) days after such request, at which time the application shall be certified full and complete. Reports of the investigations required or authorized herein shall be prepared by the City Administrator and submitted to the Council no later than forty-five (45) days from the date upon which the City Clerk has certified the application as full and complete.

C. Burden of Proof. The burden of proving its qualifications to receive a License is at all times on the applicant. By filing the application, the Applicant accepts any risk of adverse public notice, embarrassment, criticism, or other action or financial loss which may result from action with respect to the application and expressly waives any claim for damages as a result thereof.

D. Obligation to Provide Information. An Applicant may claim any privilege afforded by the Constitution of the United States in refusing to answer questions by the Council. However, a claim of privilege with respect to an application shall constitute sufficient grounds for denial of the application.

E. Identity of Owners. The Applicant shall also file with the City Clerk a list of the names and addresses of all of the Owners. The Chief of Police shall determine whether or not an investigation of any Owner should be made by a teletype search of the records of the State Criminal Investigation and Identification Unit in Sacramento, California, or otherwise, and forthwith conduct said search as appropriate.

F. Statements Confidential. Personal financial information and home telephone numbers and addresses required to be submitted as part of an application pursuant to this Chapter shall be confidential and not available for public inspection, except as may be required by law.

5.92.050 Application Fee and License Fee Deposit. The application Fee and License Fee are for both regulation and revenue purposes and are levied pursuant to the authority of applicable laws. An application for a License shall be accompanied by fees and deposits, payable to the City in cash or a cashier's check, as follows:

A. An Application Fee of Twenty-Five Hundred Dollars (\$2,500.00), which shall be retained by the City to pay the costs of the investigation of the Applicant; and

B. A License Fee deposit of Ten Thousand Dollars (\$10,000.00). In the event the License is issued, this deposit shall be applied as a credit toward the License Fee described in Section 5.92.120 hereof. In the event the License is not issued, this deposit shall be returned to the Applicant, without interest within thirty (30) days after the determination not to issue the License is made.

5.92.060 Fingerprints; Photographs. Concurrently with filing the application, the Applicant and each Owner shall be fingerprinted and photographed by the Chief of Police.

5.92.070 Control by Landlord or Financier. If the Council determines that a landlord or financier, by reason of the extent of his holdings or his inherent control financially, cannot, in fact, be separated from the Card Game Business and that, as a practical matter, a single entity exists regardless of the form of organization, it may require that the landlord or financier submit a full application.

5.92.080 Reports Required Before Council Consideration. The Council shall not be required to consider any application for a License until such time as the City staff reports have been filed with the Council. In the event that any of such reports are not filed within the time provided in Section 5.92.040(B) herein, the Council in its sole discretion may proceed further without such reports or may extend the time in which such reports may be filed but in no event for more than an additional forty-five (45) days.

5.92.090 Hearing on Application; Council Determination.

A. Within thirty (30) days after all staff reports have been filed, the Council shall schedule a public hearing on the application, which hearing shall occur no later than thirty (30) days thereafter.

B. Not less than ten (10) days prior to the hearing date, the City Clerk shall mail notice of the hearing to the Applicant and all owners of property within a one thousand (1,000) foot radius of the exterior boundaries of the proposed Card Club site, using for that purpose the last known name and address of such owners as shown upon the Assessment Roll of the County of Los Angeles, and shall cause notice of the hearing to be published once in a newspaper of general circulation in the City. Such notices shall contain a description of the proposed Card Club site, the nature of the License applied for and the time and place of the public hearing. The failure of any owner to receive any notice duly mailed shall not affect, in any way, the validity of any of the proceedings undertaken by the Council pursuant to this Chapter.

C. At the conclusion of the public hearing, the Council shall, by resolution, approve, conditionally approve, or deny the License application. The resolution setting forth the Council's decision shall include findings setting forth the facts and basis for the approval, conditional approval, or denial. Upon adoption of the resolution, the Council's decision on the application shall be final.

5.92.100 Grounds for Denial of Application. The Council may, in its discretion, deny a License application, provided that such action shall be reasonable and based on at least one of the following reasons:

(1) Conviction of any crime punishable as a felony or of any crime of violence, any crime involving fraud, gambling, loan crime, bookmaking, theft, burglary, or any crime involving evasion of taxes, or any other crime of moral turpitude indicating a lack of business integrity or business honesty, whether committed in the State of California or elsewhere, whether denominated as a felony or as a misdemeanor and notwithstanding the passage of time since the conviction;

(2) Failure of the proposed business or activity to be operated in compliance with this Chapter or Federal or State law;

(3) Identification by any law enforcement agency, legislative body or crime commission as a member of, or an associate of, organized criminal elements;

(4) Knowingly making any false statement in the application or as to any other information presented as part of the application process.

invested in the proposed venture.

(6) Applicant does not have the financial capability or business experience to operate a Card Club in a manner which would adequately protect the patrons of the Card Club and the citizens of the community.

(7) Applicant is presently under indictment or the subject of criminal complaint for any of the crimes described in paragraph above.

(8) Lack of evidence that there is adequate financing available to pay potential current obligations and, in addition, to provide adequate working capital to finance opening of the Card Club proposed.

(9) Failure of any person named in the application who is summoned by the City Council to appear and testify before it or its agents at such time and place as it may designate.

(10) The plan for maintaining the security of the Card Club is not adequate to keep all cash reserves and deposits in the Card Club, as well as the inhabitants of the Card Club, reasonably safe from theft, robbery and burglary.

(11) Proposed location of Card Club in an area other than in Card Club Overlay District.

5.92.110 Issuance, Termination and Renewal of License

In approving an application for a License, at the conclusion of the public hearing described in Section 5.92.090, the Council shall issue the License and may impose reasonable conditions upon such License consistent with the requirements contained herein. The City Clerk shall forthwith provide to the Applicant a copy of the City acceptance form, which shall state that the Applicant is aware of and will abide by all such conditions imposed by the Council. Upon receipt of the acceptance form signed by the Applicant, the City License Collector shall thereupon issue the License, which shall be for a term of twenty-five (25) years from the date on which it was issued, unless revoked by the Council pursuant to the provisions hereof or surrendered by the Licensee. In the event of the surrender, suspension, revocation or expiration of the License, no portion of any License Fee or deposit shall be refunded. Not more than one (1) year nor less than six (6) months prior to the expiration of a License, the Licensee may file with the City Clerk an application for renewal of the License.

5.92.120 Annual License Fee.

A. An Annual License Fee shall be payable with respect to each License issued pursuant to this Chapter, which fee shall be payable to the City upon commencement of operations and then on the anniversary date of such commencement date each year thereafter. The Annual License Fee shall be in the sum of Twenty-Five Thousand Dollars (\$25,000.00). The License Fee deposit, as described in Section 5.92.050(B), shall be credited to the first Annual License Fee to be paid upon commencement of operations.

B. Fees paid pursuant to this Section become the absolute property of the City and shall not be refunded to the Licensee except as specifically provided in this Chapter, nor shall such fees be prorated in any manner whatsoever in the event of cessation of the business of the Licensee, whether voluntary or involuntary.

5.92.130 Gross Revenue License Fee.

A. In addition to the Annual License Fee prescribed by Section 5.92.120 of this Chapter, and in lieu of a gross receipts tax or other tax, fee, charge or assessment which the City may otherwise impose, each Licensee shall pay to the City a Monthly fee, which shall be percentage of the total monthly gross revenue of the Card Game Business, according to the following schedule:

TOTAL Monthly Gross Revenue	Monthly License Fee
(1) Less than \$100.00	0%
(2) \$100.00 but less than \$500.00	10% of excess over \$100.00
(3) \$500.00 but less than \$2,500.00	\$40,000 plus 11% of excess over \$500.00
(4) \$2,500.00 but less than \$5,000.00	\$260,000 plus 12% of excess over \$2,500.00
(5) \$5,000.00 but less than \$7,500.00	\$660,000 plus 12.5% of excess over \$5,000.00
(6) \$7,500.00 or more	\$872,500 plus 13.2% of excess over \$7,500.00

B. Upon review of any audit or other year-end report required under the audit plan described in Section 5.92.140, the City Administrator shall cause to be conducted an evaluation of the Gross Revenue License Fee set forth herein. The Council may by resolution adjust the Gross Revenue License Fee, provided that such fee shall not be increased for two (2) years following the commencement of the Licensee's operations, and thereafter, the fee shall not be higher than the greater of (a) the fee set forth above, or (b) the mean average percentage of equivalent fees paid by licensed card clubs located within a fifty (50) mile radius of the Licensee's Card Club.

5.92.140 Audits, Reports and Record Keeping. Prior to the issuance of the License, but after the License has been approved by the Council, the Licensee shall submit to the City Administrator a plan for independently auditing and reporting the gross revenue of the Card Game Business and for record keeping. The City Administrator shall notify the Licensee in writing within forty-five (45) days of the date submitted, of his or her approval or disapproval of the plan. The Licensee shall cooperate with the City Administrator in revising the plan as necessary to obtain the approval of the City Administrator. The Licensee shall re-submit the auditing plan to the City Administrator for approval annually on the anniversary of the date on which the License was issued.

5.92.150 Number of Licenses Regulated.

A. There exists a compelling need to regulate the number of Card Clubs in the relatively small City of Hawaiian Gardens, so that the City's limited regulatory and police resources are not overtaxed, limited commercial designated property remains used for, as desirable to, other types of commercial uses, and the health, safety and welfare of residents are protected from the impacts of a over-concentration of these uses.

B. The Council may initially grant one (1) License for a Card Club in the City. Subsequent licenses may be issued if the City Council affirmatively finds that the additional licensed card club(s) will not have a detrimental impact on the community health, safety and welfare, law enforcement, traffic, income production to the City, integrity of residential and commercial areas in the City, or the accomplishment of the City's General Plan goals.

5.92.160 Transfer and Assignment of License. No License for a Card Club or any interest therein shall be transferred or assigned in whole or in part except in accordance with this Chapter. Any proposed transfer or assignment of any License shall be considered for all purposes as a new application for a License, and all the provisions of this Chapter applicable to new and original applications shall apply.

5.92.170 Change of Ownership of Premises. In the event that the Card Club is located on property not wholly owned by the Licensee, the Licensee shall notify the City Administrator of any change in the ownership of any portion of the premises at least thirty (30) days before such change, or, if the Licensee is not a party to the transaction effecting the change of ownership, immediately upon acquiring knowledge of such change of ownership.

5.92.180 Transfer of Ownership Interest. No transfer assignment or sale of any ownership interest in any Card Club regardless of the manner in which title is held, shall be made without prior written notification to the City Administrator, which notification shall be accompanied by a copy of the Application for Initial Registration filed by the transferee with the California Department of Justice. The City Administrator shall determine whether or not such transfer shall be brought to the attention of the Council and shall notify the Licensee within thirty (30) days after receipt of the notification of the proposed transfer. In the event that the transfer represents more than five percent of the total of all interests in the Card Club, the City Administrator shall notify the Council. In the event of notice to the Council, the transfer shall not become effective until the Council has conducted such further investigations or hearings as it shall determine. If the Council conducts a hearing on the proposed transfer, its approval or disapproval shall be based upon the same standards as an application for a License.

5.92.190 Divestiture Upon Criminal Conviction.

A. Any Owner who is convicted of a misdemeanor involving moral turpitude or a felony shall divest himself of such ownership interest within one hundred twenty (120) days after the service of notice of divestiture by the City. Upon receipt of a notice of divestiture, the recipient may request in writing a hearing before the Council to appeal the notice and request a waiver of the divestiture requirement. A hearing shall be scheduled before the Council with thirty (30) days after the receipt of such request. Upon the conclusion

the hearing, the Council may disregard the conviction or take other action if it is determined by the Council that mitigating circumstances exist and that the public interest will be adequately protected.

B. The decision of the Council shall be final and conclusive. Failure to comply with the provisions of this Section shall constitute a misdemeanor, punishable by a fine or imprisonment. Each day of noncompliance shall constitute a separate and complete offense. In addition, the City Attorney may invoke any appropriate civil remedies available to enforce compliance.

C. No person required pursuant hereto to divest his or her interest in a Card Club may transfer the same to his or her spouse, children, siblings, or parents or to his or her spouse's children, siblings, or parents.

5.92.200 Suspension and Revocation of Licenses. All Licenses authorized and issued under the provisions of this Chapter shall be subject to, and accepted as subject to:

A. Immediate suspension by the City Administrator under the circumstances provided below until a decision is rendered by the City Council pursuant to this Chapter. The matter of such suspension shall be submitted to the City Council at the first meeting following the City Administrator's action. A Licensee may be immediately suspended if the City Administrator finds that:

1. The Attorney General has suspended or revoked a Licensee's or applicant's registration under the California Gaming Registration Act; or

2. A Licensee has violated, or caused the violation of, or knowingly permitted an agent or employee of the Licensee to violate, any provision of this Chapter, any regulation issued pursuant to this Chapter, any condition of approval imposed upon the issuance of the Card Club license, or any state law or regulation relating to the operation of a Card Club where the continued operation of the club in the light of such violation jeopardizes, or threatens to jeopardize, the public welfare.

B. Suspension or revocation by the City Council after a public hearing held after not less than thirty (30) days written notice to the Licensee detailing with specificity the nature and extent of the facts that relate to such proposed suspension or revocation along with all relevant documents related thereto, and after testimony has been taken from the Licensee and/or any other interested person, if the City Council finds that:

1. The Attorney General has suspended or revoked a Licensee's or applicant's registration under the California Gaming Registration Act; or

2. A Licensee or applicant has violated, or caused the violation of, or knowingly permitted an agent or employee of the Licensee to violate, any provision of this Chapter, any reasonable condition of approval imposed upon the issuance of the License, or any state or federal law relating to the operation of a Card Club; or

3. A Licensee has failed to pay, when due and payable, any of the fees provided for in this Chapter within ten (10) days after written notice of any such failure;

4. A Licensee has made any fraudulent statements as to a material fact on an application form or as to any other information presented as part of the application process; or

5. A Licensee knowingly commits any act which would have constituted grounds for denial of an application for a license.

6. The Licensee has knowingly continued to employ in any Card Club any individual whom the City Council or any court has found guilty of cheating or using any improper device in connection with any game, whether as a licensee or player at a licensed game, or any person whose conduct of a licensed game as an employee of a licensee resulted in revocation, or suspension of the Card Club license of such licensee;

7. The Licensee has been convicted of a crime punishable as a felony or of any crime of violence, any crime involving fraud, gambling, loan sharking, bookmaking, thievery, bunco, moral turpitude, or any crime involving evasion of taxes, or any other crime of moral turpitude indicating a lack of business integrity or business honesty, whether committed in the State of California or elsewhere, whether denominated as a felony or as a misdemeanor and notwithstanding the passage of time since the conviction. Such a conviction may be deemed by the City Council as suitable grounds for revocation or suspension of the Licensee's Card Club license, prior to the exhaustion of the Licensee's appellate rights, if the conviction acts as a detriment to Card Club activity in the City.

5.92.210 Conduct of the City Council Hearing.

A. Oral evidence shall be taken only on oath or affirmation.

B. Both the City and the Licensee shall have the right to call and examine witnesses, to introduce exhibits, to cross-examine witnesses, to cross-examine opposing witnesses on any matter relevant to the issue, whether or not that matter was covered in the direct examination, to impeach any witness regardless of which party first called the witness to testify, and to rebut the evidence against any witness. The Licensee may require the attendance of witnesses by requesting the issuance of subpoenas by the Council at least twenty-four (24) hours prior to the hearing.

C. The technical rules relating to evidence and witnesses, as provided in the California Evidence Code, shall not apply. However, only evidence relevant to the subject matter of the hearing and which is not repetitious will be accepted. Hearsay evidence is admissible, but is not sufficient in itself to support a suspension or revocation of the license.

D. If the matter constituting possible grounds for revocation has been corrected, eliminated, or resolved prior to the scheduled hearing or continued hearing, the Council shall not be required to set the matter for public hearing or may cancel a hearing or continued hearing if previously scheduled.

5.92.220 Decision of City Council.

The decision of the City Council shall be rendered at the conclusion of the public hearing and shall be final and conclusive. In the event of suspension or revocation of a license, no part of any license fee previously paid shall be refunded.

5.92.230 Refusal to File Statement, Pay Fee or Reveal Records. Any failure or refusal of a Licensee to file any statement within the time required, to pay any Licensee Fee when due, or to permit inspections of the books, records, and accounts of the Card Game Business of the Licensee after ten (10) days written notice to such Licensee and the Licensee's failure or refusal to continue to so comply, shall constitute full and sufficient grounds for the revocation or suspension of the License of that Licensee in the sole discretion of the Council.

5.92.240 Refunds upon Suspension or Revocation. In the event of the suspension or revocation of the License, no part of any License Fee paid by the Licensee shall be refunded.

5.92.250 New Application Following Revocation. In the event of the revocation of a License, no new License shall be issued to such Licensee except upon application made pursuant to Section 5.92.040 as if the Licensee were a new Applicant.

5.92.260 Registration, Fingerprinting, and Photographing of Employees.

A. Each person employed by a Card Club in the City shall be fingerprinted and photographed by the Chief of Police within three (3) business days after beginning such employment.

B. Each person employed by a Card Club shall be required to obtain a registration card issued by the Chief of Police as a condition of continued employment. Until the Chief of Police duly issues a registration card to an employee, such employee shall be employed on an interim basis only. In the event the Chief of Police notifies the Licensee in writing that a registration card will not be issued to any employee or that the registration of any employee is revoked, then the Licensee shall immediately discharge such employee.

C. Upon being provided with the required information concerning the employment of any person, the Chief of Police shall investigate the employee to be fingerprinted and investigated with respect to the matters described in Section 5.92.100(1) hereof. If such investigation reveals convictions of the type described therein, the Chief of Police may refuse to issue a registration card, in which event the Chief shall immediately notify the Licensee in writing of such action. If the Chief of Police issues a registration card, it shall be given to the employee and the Licensee shall receive written notification thereof. Following issuance of the registration card, the employee shall be required to carry the card on his or her person at all times while working on the Card Club premises.

D. It shall be the responsibility and duty of the Chief of Police to establish the necessary procedures to implement and administer the provisions of this Section. The information received by the Chief of Police shall be treated as confidential and shall be accessible only to

Licensee.

5.92.270 Inspection and Viability of Premises. All rooms in which Games are played shall be accessible and visible to all patrons, and shall have no less than five (5) tables per room. The Licensee shall permit authorized governmental officials to observe all portions of the premises on a twenty-four (24) hour basis, and the entire premises shall be open for inspection during all hours by the City Administrator or his representative, without a search warrant.

5.92.280 Seat Rental Fees. Seat rental rates shall be determined by the Licensee. Such rates and the effective dates thereof shall be posted in full and unobstructed view and in appropriate locations within the card room.

5.92.290 Minimum Age Requirements. No person under the age of 21 years shall be permitted to enter upon the premises of a Card Club, or any part thereof, except the following:

A. An area, physically separated from any gambling area, for the exclusive purpose of dining. For purposes of this Section, any place wherein food or beverages are dispensed primarily by vending machines shall not constitute a place for dining.

B. Restrooms.

C. A supervised room that is physically separated from any gambling area and used exclusively for the purpose of entertainment or recreation.

Any area of a Card Club wherein Card Game Business is conducted shall have an entrance that shall not expose entrants to the gambling area. All persons under the age of 21 years shall be restricted to such entrance.

5.92.300 Rules and Regulations. The Council may from time to time enact rules and regulations governing the operation of Card Clubs and the activity conducted in Card Clubs, provided such rules and regulations do not conflict with the provisions of this Chapter. Copies of the rules and regulations shall be given to all Licensees prior to the effective date thereof. It shall be unlawful for any Licensee or other person or entity to violate any of such rules or regulations.

5.92.310 Non-discrimination; Compliance With Laws and Regulations. The Licensee agrees for himself, and his successors and assigns, and every successor in interest to the Card Club or any part thereof, as follows:

A. The Licensee shall not unlawfully discriminate nor permit any unlawful discrimination in connection with the operation of the Card Club, based upon race, sex, marital status, age, color, creed, religion, national origin or ancestry.

B. The Licensee shall use its best efforts to employ as many persons as reasonably possible who live within the City, who reflect the demographic makeup of the City, and who otherwise satisfy the employment requirements of the Card Club. The Licensee shall use the facilities of the City to obtain employees and shall advertise in publications that are circulated in the general area of the Licensee's location. The City shall cooperate with the Licensee in seeking such employees.

C. The Licensee will from time to time, upon request by the City, furnish to the City reasonable data concerning the nature of the efforts by the Licensee to otherwise comply with this Section.

5.92.320 Presumptions. The City Council, in adopting the provisions of this Chapter which permits the playing of the Games, hereby declares that the playing of Games not prohibited by statute is conducive to public morals when such Games are played, and conducted according to all laws, rules and regulations, and that in any proceedings to revoke or suspend a License, to abate the business conducted thereunder, or to prosecute the Licensee or its employees for any act authorized thereby, it shall be presumed that such acts are not unlawful and that such business is not a public or private nuisance.

5.92.330 Violations. It shall be unlawful for any person or entity to violate any of the provisions of this Chapter or any of the rules and regulations established or promulgated hereunder.

5.92.340 Penalties. Any person or entity violating any of the provisions of this Chapter or any of the rules and regulations promulgated hereunder shall be guilty of a misdemeanor.

5.92.350 Severability. If any section, subsection, sentence, clause, phrase, or portion of this Chapter is for any reason held to be invalid or unenforceable by a court of competent jurisdiction, the remaining portions of this Chapter shall nonetheless remain in full force and effect and the City Council hereby direct and authorize the court to correct, interpret and add words as may be necessary to effectuate the intent of the remaining portions of this Chapter. The City Council hereby declares that it would have adopted each section, subsection, sentence, clause, phrase, or portion of this Chapter, irrespective of the clauses, phrases or portions of this Chapter, declared invalid or unenforceable.

SECTION 4. Section 9.20.010 of Chapter 9.20 of Title 9 of the Hawaiian Gardens Municipal Code is hereby amended to add a new paragraph C to read as follows:

"C. Notwithstanding any other provision of this Code, including but not limited to paragraphs A and B of this Section 9.20.010, no provision of this Code shall be deemed or construed to prohibit card clubs or the types of gambling and gaming conducted therein to the extent that such gambling and gaming is authorized or allowed by California Business and Professions Code Section 19800 et seq. or successor statutes, as they may be amended from time to time."

Section 5. Severability. If any section, subsection, sentence, clause, phrase, or portion of this ordinance is for any reason held to be invalid or unenforceable by a court of competent jurisdiction, the remaining portions of this ordinance shall nonetheless remain in full force and effect and the City Council hereby direct and authorizes the court to correct, interpret and add words as may be necessary to effectuate the intent of the remaining portions of this ordinance. The City Council hereby declares that they would have adopted each section, subsection, sentence, clause, phrase, or portion of this ordinance, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases or portions of this ordinance be declared invalid or unenforceable.

Section 6. Effective and Operative Dates of this ordinance. This ordinance shall become effective thirty (30) days after adoption. This ordinance shall be operative as follows: (i) this ordinance shall become operative immediately upon, but only in the event that, the Ordinance Authorizing the Establishment and Operations of Card Clubs in the City of Hawaiian Gardens, etc., that was approved by the voters in the special election held on November 21, 1995, is for any reason, determined by a court of competent jurisdiction, to not be effective in its entirety or otherwise not to be operative, or (ii) sections of this ordinance shall be operative immediately upon, but only in the event that, corresponding sections of the Ordinance Authorizing the Establishment and Operations of Card Clubs in the City of Hawaiian Gardens, etc., that was approved by the voters in the special election held on November 21, 1995, are for any reason, determined by a court of competent jurisdiction, to not be effective or otherwise not to be operative.

Section 7. The City Clerk shall certify to the adoption of this ordinance and shall publish and post this ordinance as required by law.

PASSED, APPROVED AND ADOPTED THIS 19th day of DECEMBER, 1995.

Robert G. Camacho
MAYOR, CITY OF HAWAIIAN GARDENS

ATTEST:

Domenic Ruggeri

CITY CLERK, CITY OF HAWAIIAN GARDENS

CERTIFICATION

STATE OF CALIFORNIA)

COUNTY OF LOS ANGELES) SS

CITY OF HAWAIIAN GARDENS)

I, Lucie Recio, Deputy City Clerk of the City of Hawaiian Gardens, do hereby certify that Ordinance No. 431 was duly and regularly passed and adopted by the City Council of the City of Hawaiian Gardens at a Regular Adjourned meeting on the 19th day of December 1995, by the following roll call vote, as the same appears on file and of record in the Office of the City Clerk.

AYES: Frida, Cabrera, Canada

NOES: Flores, Navejas

ABSENT: None

ABSTAIN: None

/s/Lucie Recio

Deputy City Clerk

Pub. Jan. 3, 1996 (16) PT (7572/199755)