

AMENDED IN SENATE SEPTEMBER 3, 2025

AMENDED IN SENATE JULY 16, 2025

AMENDED IN SENATE JUNE 23, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL

No. 831

Introduced by Assembly Member Valencia

February 19, 2025

An act to amend Section 17539.1 of the Business and Professions Code, and to add Section 3370 to the Penal Code, relating to gambling.

LEGISLATIVE COUNSEL'S DIGEST

AB 831, as amended, Valencia. Gambling: operation of a contest or sweepstakes.

Existing law prohibits specified unfair acts or practices undertaken or committed by any person in the operation of any contest or sweepstakes including, among other things, using or offering for use any method intended to be used by a person interacting with an electronic video monitor to simulate gambling or play gambling-themed games in a business establishment that directly or indirectly implements the predetermination of sweepstakes cash, cash-equivalent prizes, or other prizes of value, or otherwise connects a sweepstakes player or participant with sweepstakes cash, cash-equivalent prizes, or other prizes of value.

This bill would specify that using or offering for use any method, including an internet website or an online application, in the manner described above is prohibited, and would make conforming changes. The bill would *delete the term “gambling-themed games” from the above-described provisions, and* revise the description of

~~“gambling-themed game”~~ “gambling” to include examples, such as lottery games, bingo, sports wagering, or any game that mimics or simulates similar ~~games~~, *gambling*, as specified. The bill would make an unfair practice using or offering games of these types that use a system of payment that allows a person to play or participate in a simulated gambling program for direct or indirect consideration, as specified, and for which the person playing the simulated gambling program may become eligible for a prize or award, cash or cash equivalents, or a chance to win a prize or award, or cash or cash equivalents, in a business establishment, on the internet, or using an online application. The bill would specify that these provisions do not make a game that does not award cash prizes or cash equivalents unlawful.

Existing law makes it unlawful to engage in specified activities related to gambling, including, among others, (1) proposing or drawing a lottery, (2) dealing or playing certain games played with cards, dice, or any device for money, and (3) manufacturing, repairing, or owning slot machines. A violation of these prohibitions is a misdemeanor.

This bill would make it unlawful for any person or entity to operate, conduct, or offer an online sweepstakes game, as defined, in this state. The bill would make it unlawful for any entity, financial institution, payment processor, geolocation provider, gaming content supplier, platform provider, or media affiliate to knowingly *and willfully* support directly or indirectly the operation, conduct, or promotion of an online sweepstakes game within this state. The bill would make a person who violates these provisions guilty of a misdemeanor punishable by a fine not less than \$1,000 nor more than \$25,000, or by imprisonment in the county jail not exceeding one year, or by both the fine and imprisonment. By creating new crimes, the bill would impose a state-mandated local program.

This bill would specify that these provisions do not make unlawful or otherwise restrict lawful games and methods used by a gambling enterprise licensed under the Gambling Control Act or operations of the California State Lottery. The bill would specify that these provisions do not make unlawful game promotions or sweepstakes conducted by for-profit commercial entities on a limited and occasional basis as an advertising and marketing tool that are incidental to substantial bona fide sales of consumer products or services and that are not intended to provide a vehicle for the establishment of ongoing gambling or gaming.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 *SECTION 1. It is the intent of the Legislature that this act apply*
2 *to persons or entities who knowingly and intentionally engage in,*
3 *promote, or facilitate online sweepstakes games that utilize a*
4 *dual-currency system, and not to ancillary or publicly available*
5 *services, platforms, or infrastructure providers that may be*
6 *unknowingly or unintentionally used in connection with those*
7 *online sweepstakes games, provided they are not acting with the*
8 *intent to further those online sweepstakes games.*

9 ~~SECTION 1.~~

10 *SEC. 2. Section 17539.1 of the Business and Professions Code*
11 *is amended to read:*

12 17539.1. (a) The following unfair acts or practices undertaken
13 by, or omissions of, any person in the operation of any contest or
14 sweepstakes are prohibited:

15 (1) Failing to clearly and conspicuously disclose, at the time of
16 the initial contest solicitation, at the time of each precontest
17 promotional solicitation and each time the payment of money is
18 required to become or to remain a contestant, the total number of
19 contestants anticipated based on prior experience and the
20 percentages of contestants correctly solving each puzzle used in
21 the three most recently completed contests conducted by the person.
22 If the person has not operated or promoted three contests he or she
23 shall disclose for each prior contest if any, the information required
24 by this section.

25 (2) Failing to promptly send to each member of the public upon
26 his or her request, the actual number and percentage of contestants
27 correctly solving each puzzle or game in the contest most recently
28 completed.

29 (3) Misrepresenting in any manner the odds of winning any
30 prize.

- 1 (4) Misrepresenting in any manner, the rules, terms, or
2 conditions of participation in a contest.
- 3 (5) Failing to clearly and conspicuously disclose with all contest
4 puzzles and games and with all promotional puzzles and games
5 all of the following:
- 6 (A) The maximum number of puzzles or games that may be
7 necessary to complete the contest and determine winners.
- 8 (B) The maximum amount of money, including the maximum
9 cost of any postage and handling fees, that a participant may be
10 asked to pay to win each of the contest prizes then offered.
- 11 (C) That future puzzles or games, if any, or tie breakers, if any,
12 will be significantly more difficult than the initial puzzle.
- 13 (D) The date or dates on or before which the contest will
14 terminate and upon which all prizes will be awarded.
- 15 (E) The method of determining prizewinners if a tie remains
16 after the last tie breaker puzzle is completed.
- 17 (F) All rules, regulations, terms, and conditions of the contest.
- 18 (6) Failing to clearly and conspicuously disclose the exact nature
19 and approximate value of the prizes when offered.
- 20 (7) Failing to award and distribute all prizes of the value and
21 type represented.
- 22 (8) Representing directly or by implication that the number of
23 participants has been significantly limited, or that any particular
24 person has been selected to win a prize unless such is the fact.
- 25 (9) Representing directly or by implication that any particular
26 person has won any money, prize, thing, or other value in a contest
27 unless there has been a real contest in which a meaningful
28 percentage, which shall be at least a majority, of the participants
29 in such contests have failed to win a prize, money, thing, or other
30 value.
- 31 (10) Representing directly or by implication that any particular
32 person has won any money, prize, thing, or other value without
33 disclosing the exact nature and approximate value thereof.
- 34 (11) Using the word “lucky” to describe any number, ticket,
35 coupon, symbol, or other entry, or representing in any other manner
36 directly or by implication that any number, ticket, coupon, symbol,
37 or other entry confers or will confer an advantage upon the recipient
38 that other recipients will not have, that the recipient is more likely
39 to win a prize than are others, or that the number, ticket, coupon,

1 symbol, or other entry has some value that other entries do not
2 have.

3 (12) Using or offering for use any method, including an internet
4 website or an online application, intended to be used by a person
5 interacting with an electronic video monitor, mobile phone,
6 computer terminal, or other similar internet access device, to
7 simulate ~~gambling or play a gambling-themed game, including,~~
8 ~~but~~ *gambling, which, for purposes of this section, includes, but is*
9 *not limited to, slot machines; video poker; ~~casino-style table games~~*
10 *table games, including, but not limited to, blackjack, roulette,*
11 *craps, and poker; lottery games as defined in Section 319 of the*
12 *Penal Code; bingo; sports wagering, or any game that mimics or*
13 *simulates similar ~~gambling-themed games, casino-style table~~*
14 *games, sports wagering, lottery games, or bingo gambling and that*
15 (A) directly or indirectly implements the predetermination of
16 sweepstakes cash, cash-equivalent prizes, or other prizes of value;
17 (B) otherwise connects a sweepstakes player or participant with
18 sweepstakes cash, cash-equivalent prizes, or other prizes of value;
19 or (C) utilizes a *dual-currency* system of payment that allows a
20 person to play or participate in a simulated gambling program for
21 direct or indirect consideration, including consideration associated
22 with a related product, service, or activity, and for which the person
23 playing the simulated gambling program may become eligible for
24 a prize or award, cash or cash equivalents, or a chance to win a
25 prize or award, or cash or cash equivalents; in a business
26 establishment, on the internet, or using an online application. For
27 the purposes of this paragraph, “business establishment” means a
28 business that has any financial interest in the conduct of the
29 sweepstakes or the sale of the products or services being promoted
30 by the sweepstakes at its physical location. This paragraph does
31 not make unlawful game promotions or sweepstakes conducted
32 by for-profit commercial entities on a limited and occasional basis
33 as an advertising and marketing tool that are incidental to
34 substantial bona fide sales of consumer products or services and
35 that are not intended to provide a vehicle for the establishment of
36 ongoing gambling or gaming. This paragraph does not make a
37 game that does not award cash prizes or cash equivalents unlawful.
38 (13) Failing to obtain the express written or oral consent of
39 individuals before their names are used for a promotional purpose
40 in connection with a mailing to a third person.

1 (14) Using or distributing simulated checks, currency, or any
2 simulated item of value unless there is clearly and conspicuously
3 printed thereon the words: SPECIMEN—NONNEGOTIABLE.

4 (15) Representing, directly or by implication, orally or in
5 writing, that any tie breaker puzzle may be entered upon the
6 payment of money qualifying the contestant for an extra cash or
7 any other type prize or prizes unless:

8 (A) It is clearly and conspicuously disclosed that the payments
9 are optional and that contestants are not required to pay money,
10 except for reasonable postage and handling fees, to play for an
11 extra cash or any other type of prize or prizes; and

12 (B) Contestants are clearly and conspicuously given the
13 opportunity to indicate they wish to enter such phase of the contest
14 for free, except for reasonable postage and handling fees the
15 amount of which shall not exceed one dollar and fifty cents (\$1.50)
16 plus the actual cost of postage and which shall be clearly and
17 conspicuously disclosed at the time of the initial contest solicitation
18 and each time thereafter that the payment of such fees is required.
19 The contestants' opportunity to indicate they wish to enter for free
20 shall be in immediate conjunction with and in a like manner as the
21 contestants' opportunity to indicate they wish to play for an extra
22 prize.

23 (b) For the purposes of this section, ~~“sweepstakes” means the~~
24 *following definitions apply:*

25 (1) *“Direct consideration” means a coin, token, or other*
26 *representation of value that may be purchased by a player or*
27 *received through a bonus or promotion and that is used for playing*
28 *or participating in a sweepstakes game.*

29 (2) *“Indirect consideration” means a coin, token, or other*
30 *representation of value that may be exchanged for a prize, award,*
31 *cash, or cash equivalents or a chance to win a prize, award, cash,*
32 *or cash equivalents. Indirect consideration is provided for free*
33 *through a promotion, bonus, or with the purchase of a related*
34 *product, service, or activity. As used in this paragraph, “related*
35 *product, service, or activity” includes a coin, token, or other*
36 *representation of value that may be used for direct consideration.*

37 (3) *“Sweepstakes” means a procedure, activity, or event, for*
38 *the distribution, donation, or sale of anything of value by lot,*
39 *chance, predetermined selection, or random selection that is not*
40 *unlawful under other provisions of law, including, but not limited*

1 to, Chapter 9 (commencing with Section 319) and Chapter 10
2 (commencing with Section 330) of Title 9 of Part 1 of the Penal
3 Code.

4 (c) This section does not apply to an advertising plan or program
5 that is regulated by, and complies with, the requirements of Section
6 17537.1.

7 (d) Nothing in this section shall be deemed to render lawful any
8 activity that is unlawful pursuant to other law, including, but not
9 limited to, Section 320, 321, 322, 330, 330a, 330b, 330.1, 337a,
10 or 337j of the Penal Code.

11 (e) Nothing in this section shall be deemed to render unlawful
12 or restrict otherwise lawful games and methods used by a gambling
13 enterprise licensed under the Gambling Control Act or operations
14 of the California State Lottery.

15 ~~SEC. 2.~~

16 *SEC. 3.* Section 337o is added to the Penal Code, to read:

17 337o. (a) It is unlawful for any person or entity to operate,
18 conduct, or offer an online sweepstakes game in this state.

19 (b) It is unlawful for any entity, financial institution, payment
20 processor, geolocation provider, gaming content supplier, platform
21 provider, or media affiliate to knowingly *and willfully* support
22 directly or indirectly the operation, conduct, or promotion of an
23 online sweepstakes game within this state.

24 (c) For purposes of this section, the following definitions apply:

25 (1) “Direct consideration” means a coin, token, or other
26 representation of value that may be purchased by a player or
27 received through a bonus or promotion and that is used for playing
28 or participating in the online sweepstakes game.

29 (2) “Indirect consideration” means a coin, token, or other
30 representation of value that may be exchanged for a prize, award,
31 cash, or cash equivalents or a chance to win a prize, award, cash,
32 or cash equivalents. Indirect consideration is provided for free
33 through a promotion, bonus, or with the purchase of a related
34 product, service, or activity. As used in this paragraph, “related
35 product, service, or activity” includes a coin, token, or other
36 representation of value that may be used for direct consideration.

37 (3) “Online sweepstakes game” means a game, contest, or
38 promotion that meets all of the following conditions:

39 (A) Available on the internet or accessible on a mobile phone,
40 computer terminal, or similar device.

1 (B) Utilizes a dual-currency system of payment that allows a
 2 person to play or participate with direct consideration or indirect
 3 consideration, and for which the person playing or participating
 4 may become eligible for a prize, award, cash, or cash equivalents
 5 or a chance to win a prize, award, cash, or cash equivalents.

6 (C) ~~Simulates casino-style gambling, including, but gambling,~~
 7 *which, for purposes of this section, includes, but is not limited to,*
 8 any of the following:

- 9 (i) Slot machines.
- 10 (ii) Video poker.
- 11 (iii) Table games, including, but not limited to, blackjack,
 12 roulette, craps, and poker.
- 13 (iv) Lotteries, as defined in Section 319.
- 14 (v) Bingo.
- 15 (vi) Sports wagering.

16 (D) Awards cash or cash equivalents.
 17 (d) A person who violates this section is guilty of a misdemeanor
 18 and shall be punishable by a fine not less than one thousand dollars
 19 (\$1,000) nor more than twenty-five thousand dollars (\$25,000),
 20 or by imprisonment in the county jail not exceeding one year, or
 21 by both the fine and imprisonment.

22 (e) *This section does not make unlawful or otherwise restrict*
 23 *lawful games and methods used by a gambling enterprise licensed*
 24 *under the Gambling Control Act or operations of the California*
 25 *State Lottery.*

26 (f) *This section does not make unlawful game promotions or*
 27 *sweepstakes conducted by for-profit commercial entities on a*
 28 *limited and occasional basis as an advertising and marketing tool*
 29 *that are incidental to substantial bona fide sales of consumer*
 30 *products or services and that are not intended to provide a vehicle*
 31 *for the establishment of ongoing gambling or gaming.*

32 ~~SEC. 3.~~

33 *SEC. 4.* No reimbursement is required by this act pursuant to
 34 Section 6 of Article XIII B of the California Constitution because
 35 the only costs that may be incurred by a local agency or school
 36 district will be incurred because this act creates a new crime or
 37 infraction, eliminates a crime or infraction, or changes the penalty
 38 for a crime or infraction, within the meaning of Section 17556 of
 39 the Government Code, or changes the definition of a crime within

1 the meaning of Section 6 of Article XIII B of the California
2 Constitution.

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