

**Assembly Bill No. 831**

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Passed the Assembly September 12, 2025

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*Chief Clerk of the Assembly*

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Passed the Senate September 8, 2025

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2025, at \_\_\_\_\_ o'clock \_\_\_\_M.

\_\_\_\_\_  
*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Section 17539.1 of the Business and Professions Code, and to add Section 337o to the Penal Code, relating to gambling.

## LEGISLATIVE COUNSEL'S DIGEST

AB 831, 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” to include examples, such as lottery games, bingo, sports wagering, or any game that mimics or simulates similar 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.

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

SECTION 1. It is the intent of the Legislature that this act apply to persons or entities who knowingly and intentionally engage in,

promote, or facilitate online sweepstakes games that utilize a dual-currency system, and not to ancillary or publicly available services, platforms, or infrastructure providers that may be unknowingly or unintentionally used in connection with those online sweepstakes games, provided they are not acting with the intent to further those online sweepstakes games.

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

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

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

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

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

(4) Misrepresenting in any manner, the rules, terms, or conditions of participation in a contest.

(5) Failing to clearly and conspicuously disclose with all contest puzzles and games and with all promotional puzzles and games all of the following:

(A) The maximum number of puzzles or games that may be necessary to complete the contest and determine winners.

(B) The maximum amount of money, including the maximum cost of any postage and handling fees, that a participant may be asked to pay to win each of the contest prizes then offered.

(C) That future puzzles or games, if any, or tie breakers, if any, will be significantly more difficult than the initial puzzle.

(D) The date or dates on or before which the contest will terminate and upon which all prizes will be awarded.

(E) The method of determining prizewinners if a tie remains after the last tie breaker puzzle is completed.

(F) All rules, regulations, terms, and conditions of the contest.

(6) Failing to clearly and conspicuously disclose the exact nature and approximate value of the prizes when offered.

(7) Failing to award and distribute all prizes of the value and type represented.

(8) Representing directly or by implication that the number of participants has been significantly limited, or that any particular person has been selected to win a prize unless such is the fact.

(9) Representing directly or by implication that any particular person has won any money, prize, thing, or other value in a contest unless there has been a real contest in which a meaningful percentage, which shall be at least a majority, of the participants in such contests have failed to win a prize, money, thing, or other value.

(10) Representing directly or by implication that any particular person has won any money, prize, thing, or other value without disclosing the exact nature and approximate value thereof.

(11) Using the word “lucky” to describe any number, ticket, coupon, symbol, or other entry, or representing in any other manner directly or by implication that any number, ticket, coupon, symbol, or other entry confers or will confer an advantage upon the recipient that other recipients will not have, that the recipient is more likely to win a prize than are others, or that the number, ticket, coupon, symbol, or other entry has some value that other entries do not have.

(12) Using or offering for use any method, including an internet website or an online application, intended to be used by a person interacting with an electronic video monitor, mobile phone, computer terminal, or other similar internet access device, to simulate gambling, which, for purposes of this section, includes, but is not limited to, slot machines; video poker; table games, including, but not limited to, blackjack, roulette, craps, and poker; lottery games as defined in Section 319 of the Penal Code; bingo; sports wagering, or any game that mimics or simulates similar gambling and that (A) directly or indirectly implements the predetermination of sweepstakes cash, cash-equivalent prizes, or

other prizes of value; (B) otherwise connects a sweepstakes player or participant with sweepstakes cash, cash-equivalent prizes, or other prizes of value; or (C) utilizes a dual-currency system of payment that allows a person to play or participate in a simulated gambling program for direct or indirect consideration, including consideration associated with a related product, service, or activity, 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. For the purposes of this paragraph, “business establishment” means a business that has any financial interest in the conduct of the sweepstakes or the sale of the products or services being promoted by the sweepstakes at its physical location. This paragraph does 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. This paragraph does not make a game that does not award cash prizes or cash equivalents unlawful.

(13) Failing to obtain the express written or oral consent of individuals before their names are used for a promotional purpose in connection with a mailing to a third person.

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

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

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

(B) Contestants are clearly and conspicuously given the opportunity to indicate they wish to enter such phase of the contest for free, except for reasonable postage and handling fees the amount of which shall not exceed one dollar and fifty cents (\$1.50)

plus the actual cost of postage and which shall be clearly and conspicuously disclosed at the time of the initial contest solicitation and each time thereafter that the payment of such fees is required. The contestants' opportunity to indicate they wish to enter for free shall be in immediate conjunction with and in a like manner as the contestants' opportunity to indicate they wish to play for an extra prize.

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

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

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

(3) "Sweepstakes" means a procedure, activity, or event, for the distribution, donation, or sale of anything of value by lot, chance, predetermined selection, or random selection that is not unlawful under other provisions of law, including, but not limited to, Chapter 9 (commencing with Section 319) and Chapter 10 (commencing with Section 330) of Title 9 of Part 1 of the Penal Code.

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

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

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

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

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

(b) It is 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.

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

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

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

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

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

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

(C) Simulates gambling, which, for purposes of this section, includes, but is not limited to, any of the following:

(i) Slot machines.

(ii) Video poker.

(iii) Table games, including, but not limited to, blackjack, roulette, craps, and poker.

(iv) Lotteries, as defined in Section 319.

(v) Bingo.

(vi) Sports wagering.

(D) Awards cash or cash equivalents.



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

(e) This section does 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.

(f) This section does 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.

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





Approved \_\_\_\_\_, 2025

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*Governor*