



REGULATORY AGENCY ACTION

The original Task Force was created in 1986 to analyze the future role of LVNs and PTs. (See CRLR Vol. 6, No. 4 (Fall 1986) pp. 56-57 for background information.) The Task Force and the Board held numerous public hearings on the issues presented throughout 1987-88.

PT Computer Aided Testing. The implementation of computer aided testing for psychiatric technicians has been put on the back burner due to an increase in both the length and the breadth of the licensure exam. The computer aided testing, which was originally scheduled to take place in September 1989, has been pushed back to some time in 1990. (See CRLR Vol. 8, No. 4 (Fall 1988) p. 77 and Vol. 8, No. 2 (Spring 1988) for background information.)

Although the focus of computer aided testing has been limited to the relatively small number of PTs in California, the

Board is also working for implementation of statewide computerized testing for vocational nurses as well. With the help of McGraw-Hill, the Board hopes to realize this goal by 1991.

RECENT MEETINGS:

At its November meeting, the Board directed its Education/Practice Subcommittee to study SB 1552 (Chapter 1213, Statutes of 1988). This bill, sponsored by Senator Kopp, requires healing arts board regulating dentists, physicians and surgeons, registered nurses, marriage, family and child counselors, and clinical social workers to consider including training regarding the characteristics and methods of assessment and treatment of AIDS in continuing education requirements. The subcommittee will report its recommendations at a future meeting.

FUTURE MEETINGS:

May 12 in San Francisco (tentative).

just state officials) to file a complaint about a Proposition 65 violation; those who successfully report violations may keep 25% of the \$2,500 daily fine.

Alcohol industry officials have stated that despite the warning signs, the public has shown little reaction, as alcohol sales have not been affected. In an interview with the *Beverage Bulletin* publication, Roger Hanney, vice-president of the California Beer and Wine Wholesalers Association, stated that the operation of placing warning signs at retail establishments went smoothly and his organization has received no complaints. ABC's legal counsel John Pierce believes there will be total compliance by licensees. ABC is authorized to file accusations against licensees for failure to comply with Proposition 65's warning requirements.

In late 1989, Proposition 65 requires the alcohol industry to post signs warning that alcohol consumption may cause cancer. State officials were scheduled to determine by January whether separate signs for warnings about birth defects and cancer are necessary, or if one sign containing both warnings is sufficient. The industry favors one warning sign.

ABC to Increase Investigative Effort.

As part of its plan to place a greater emphasis in 1989 on enforcement of California's business and practice laws, the ABC is completing its training of more than 50 new investigators. With an enlarged investigative team, the ABC plans to increase its program of monitoring, investigating, and filing of accusations against licensees. Targeted groups of licensees will be those suspected of selling drugs or permitting drug sales on their premises, those selling to minors, and those serving to intoxicated individuals.

Congress Passes Label Law. Congress recently approved the Omnibus Drug Bill, which will require the alcohol industry to place warning labels on all alcoholic beverages. The labels will warn of the risks associated with drinking and driving, and drinking during pregnancy. The law will become effective on November 18, 1989.

According to health and law enforcement organizations, alcohol is the most frequently used drug in the United States and accounts for more health and safety problems than all illicit drugs combined. This will be the first time the federal government has required the alcohol industry to warn against the dangers of drinking its products. The alcohol industry is expected to challenge the legality of the measure in court.



BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

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The Department of Alcoholic Beverage Control (ABC) is a constitutionally-authorized state department. The Alcoholic Beverage Control Act vests the Department with the exclusive right and power to license and regulate the manufacture, sale, purchase, possession, and transportation of alcoholic beverages within the state. In addition, the Act vests the Department with authority, subject to certain federal laws, to regulate the importation and exportation of alcoholic beverages across state lines. ABC issues liquor licenses and investigates violations of the Business and Professions Code and other criminal acts which occur on premises where alcohol is sold. Many of the disciplinary actions taken by ABC, along with other information concerning the Department, are printed in the liquor industry trade publications *Beverage Bulletin* and *Beverage Industry News*.

ABC divides the state into two divisions with assistant directors in charge of each division. The state is further subdivided into 21 districts, with two

districts maintaining branch offices.

ABC dispenses various types of licenses. "On-sale" refers to a license to sell alcoholic beverages which will be bought and consumed on the same premises. "Off-sale" means that the licensee sells alcoholic beverages which will not be consumed on the premises.

MAJOR PROJECTS:

Licensees Post Alcohol Warning Signs. On October 1, California's 73,000 alcohol licensees were required to post warning signs regarding alcoholic beverages, as mandated by Proposition 65, the Safe Drinking Water and Toxics Enforcement Act of 1986. (See CRLR Vol. 8, No. 4 (Fall 1988) p. 78 and Vol. 8, No. 3 (Summer 1988) p. 84 for background information.) Retailers, restaurants, markets, bars, and convenience stores must post signs warning customers that alcohol can cause birth defects. Businesses with fewer than ten employees are exempt from the Proposition 65 requirements.

Violators of the sign requirement are subject to fines of \$2,500 per day. In an October 1988 *Beverage Bulletin* editorial, the industry complained about Proposition 65's so-called "bounty hunter" provisions, which enable any person (not



The Omnibus Drug Bill will also allocate more money for training and law enforcement programs conducted by the ABC, such as ABC's Drug Enforcement Narcotics Team, which investigates licensees suspected of selling and/or allowing drug sales on their premises.

License Lottery. The ABC recently conducted a lottery for new on-sale and off-sale general liquor licenses. A maximum of 25 licenses are issued every year in each county. Winners have ninety days after they win the lottery to file an application designating a location for their establishment.

LEGISLATION:

Following Governor Deukmejian's veto of AB 2187 (Friedman) (see CRLR Vol. 8, No. 4 (Fall 1988) p. 78 for background information), Assembly-member Terry Friedman is expected to reintroduce his bill during the 1989 legislative session. The bill would have prohibited the ABC from issuing or renewing a liquor license to certain private clubs which discriminate against members or employees on the basis of color, race, religion, ancestry, national origin, sex, or age.

The veto protected approximately 70 private clubs in California from losing their liquor licenses. Members of many of these clubs contributed to the Governor's campaign committee.

In his veto message, the Governor stated that although he is personally opposed to any discrimination which may occur in private clubs, the granting of a liquor license to a club does not signify the state's approval of the club's discriminatory practices. Deukmejian believes that AB 2187 would violate club owners' and members' constitutional right of free and voluntary association. However, the U.S. Supreme Court recently upheld the constitutionality of a similar New York City ordinance against discriminatory clubs.

BANKING DEPARTMENT

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The State Banking Department administers all laws applicable to corporations engaging in the commercial banking or trust business, including the establishment of state banks and trust companies; the establishment, operation, relocation, and discontinuance of various types of offices of these entities; and the establishment, operation, relocation, and discontinuance of various types of offices

of foreign banks.

The superintendent, the chief officer of the Department, is appointed by and holds office at the pleasure of the Governor. The superintendent approves applications for authority to organize and establish a corporation to engage in the commercial banking or trust business. In acting upon the application, the superintendent must consider:

(1) the character, reputation, and financial standing of the organizers or incorporators and their motives in seeking to organize the proposed bank or trust company;

(2) the need for banking or trust facilities in the proposed community;

(3) the ability of the community to support the proposed bank or trust company, considering the competition offered by existing banks or trust companies; the previous banking history of the community; opportunities for profitable use of bank funds as indicated by the average demand for credit; the number of potential depositors; the volume of bank transactions; and the stability, diversity and size of the businesses and industries of the community. For trust companies, the opportunities for profitable employment of fiduciary services are also considered;

(4) the character, financial responsibility, banking or trust experience and business qualifications of the proposed officers; and

(5) the character, financial responsibility, business experience and standing of the proposed stockholders and directors.

The superintendent may not approve any application unless he/she determines that the public convenience and advantage will be promoted by the establishment of the proposed bank or trust company; conditions in the locality of the proposed bank or trust company afford reasonable promise of successful operation; the bank is being formed for legitimate purposes; the proposed name does not so closely resemble as to cause confusion the name of any other bank or trust company transacting or which has previously transacted business in the state; and the applicant has complied with all applicable laws.

If the superintendent finds that the proposed bank or trust company has fulfilled all conditions precedent to commencing business, a certificate of authorization to transact business as a bank or trust company will be issued.

The superintendent must also approve all changes in the location of a head office, the establishment or relocation of branch offices and the establishment or

relocation of other places of business. A foreign corporation must obtain a license from the superintendent to engage in the banking or trust business in this state. No one may receive money for transmission to foreign countries or issue travelers checks unless licensed. The superintendent also regulates the safe-deposit business.

The superintendent examines the condition of all licensees. However, as the result of the increasing number of banks and trust companies within the state and the reduced number of examiners following passage of Proposition 13, the superintendent now conducts examinations only when necessary, but at least once every two years. The Department is coordinating its examinations with the FDIC so that every other year each agency examines certain licensees. New and problem banks and trust companies are examined each year by both agencies.

The superintendent administers the Small Business Loan Program, designed to provide long-term capital to rapidly growing small businesses whose growth exceeds their ability to generate internal earnings. Under the traditional standards used by banks, these small businesses cannot provide adequate security to qualify for regular bank loans.

The superintendent licenses Business and Industrial Development Corporations which provide financial and management assistance to business firms in California.

Acting as Administrator of Local Agency Security, the superintendent oversees all deposits of money belonging to a local governmental agency in any state or national bank or savings and loan association. All such deposits must be secured by the depository.

MAJOR PROJECTS:

Delayed Funds Availability Regulations. On October 17, Superintendent Gould adopted emergency amendments to the Department's regulations, which appear in Chapter 1, Title 10 of the California Code of Regulations, concerning the maximum length of time a bank may restrict a customer's access to deposited funds. The Department's existing funds availability regulations were repealed, and the funds availability provisions in the Federal Reserve Board's Regulation CC, 12 C.F.R. Part 229, were made applicable to both transaction and nontransaction accounts (e.g., checking and savings accounts), except that four- to six-day hold periods apply to in-state non-local items. These federal regulations adopted under the federal Expe-