



# REGULATORY AGENCY ACTION

and one LVN with an administrative or teaching background. At least one of the Board's LVNs must have had at least three years' experience working in skilled nursing facilities.

The Board's authority vests under the Department of Consumer Affairs as an arm of the executive branch. It licenses prospective practitioners, conducts and sets standards for licensing examinations, and has the authority to grant adjudicatory hearings. Certain provisions allow the Board to revoke or reinstate licenses.

The Board currently licenses approximately 68,000 LVNs and 14,000 psychiatric technicians.

### LEGISLATION:

*SB 1552 (Kopp)* would require the Board to consider including AIDS training in its continuing education requirements. This bill is pending in the Senate Business and Professions Committee.

*SB 1161 (Greene)*, which would have enacted the Certified Nurse Assistant Law, died in committee.

### RECENT MEETINGS:

At its January meeting in San Diego, the Board welcomed its newest member, Helen Lee. Ms. Lee will be sitting on the Board as a public member. Gwen Hinchey, RN, MA, was reelected as Board President, and Deloyce Arrington, LVN, was reelected Vice-President.

Billie Haines presented an extensive Executive Officer's report to the Board,

highlighting the Board's 1988 goal—"Pursuit of Excellence." Ms. Haines reported that in 1987, staff answered over 77,000 phone calls, renewed over 29,000 licenses, reviewed more than 4,000 applications, and issued 1,200 interim permits. Six licenses were revoked for chemical dependency reasons. Ms. Haines praised her staff and their achievements.

The Board is looking forward to offering licensee applicants the opportunity to take the state licensing examination by computer. The Board anticipates four computers to be available in Los Angeles and two in Sacramento, with immediate feedback capabilities. The Board will be one of the first boards in the country to offer such exam-taking conditions. The Board also acknowledged the approval of a budget change proposal which will provide \$96,960 for the computerization of the psychiatric technician exam. (See CRLR Vol. 7, No. 4 (Fall 1987) p. 70 for background information.)

Additionally, the Board has asked the Department of Finance for approval of six new consultant positions. Recently, the Board learned that four of these positions have been approved.

### FUTURE MEETINGS:

May 13 in Burlingame.

July 13-14 in Monterey.

September 23 in San Diego.

licensee sells alcoholic beverages which will not be consumed on the premises.

### MAJOR PROJECTS:

*ABC's Top Priorities in 1988.* ABC Director Jay Stroh recently outlined the Department's enforcement goals for 1988. ABC has formed two special units—the Drug Enforcement Narcotics Team (DENT) and Informed Merchants Preventing Alcohol-Related Crime Tendency (IMPACT)—which were designed to help control the serious problem of drug and narcotic violations in licensed premises.

According to Stroh, the units' expertise will be used to pursue administrative and criminal actions against licensee offenders and their employees for these violations. The federal government awarded the ABC a grant of \$300,000 to support the salaries of the teams' investigators.

The ABC is working in conjunction with police departments and sheriff's departments throughout the state to provide them with assistance in investigating narcotics violations on licensed premises. So far, the units have made about thirty arrests, confiscating \$60,000 derived from the sale of narcotics and approximately \$125,000-\$150,000 worth of narcotics.

*Happy Hour Restrictions.* In an effort to reduce drunk driving incidents related to "happy hour" promotions, the ABC has proposed new rules to curb certain practices in on-sale establishments. (For background information, see CRLR Vol. 8, No. 1 (Winter 1988) p. 76; Vol. 7, No. 2 (Spring 1987) pp. 72-73; and Vol. 7, No. 1 (Winter 1987) p. 64.)

The ABC has drafted a five-point program to reduce "happy hour" promotions. Several practices would be restricted or prohibited under the program, including the following: (1) the offering or giving of free alcoholic beverages; (2) the offering or giving of unlimited drinks during a set period of time; (3) the serving of multiple drinks for a single price; (4) the increased volume of alcohol in one drink without a corresponding and proportionate increase in the price of the drink; and (5) any contest or award requiring the consumption of alcoholic beverages.

In response to SCR 65 (Russell), the ABC recently submitted a 45-page report covering "happy hour" issues to the state legislature. (See CRLR Vol. 8, No. 1 (Winter 1988) p. 76.) The ABC plans to hold hearings this spring on its proposed five-point program.



## BUSINESS, HOUSING AND TRANSPORTATION AGENCY

### DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

Director: Jay Stroh  
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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 investi-

gates 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



*Additional Investigators.* Last year's budget enabled the ABC to hire fifteen new investigators and support staff. The new investigators will assist in enforcement and educational programs; the additional staff members will answer questions from licensees to help them avoid violations by maintaining proper business practices.

## LEGISLATION:

*AB 773 (Floyd)*, which would provide that an on-sale beer and wine license may be issued or transferred to any person with respect to premises which are an integral part of a restaurant owned by or operated by or on behalf of the licensee, notwithstanding that a wholesaler licensed to sell alcoholic beverages in states other than California has an interest in the premises, license, or licensee, under certain specified conditions. This bill was passed by the Senate and referred back to the Assembly for concurrence in amendments.

*AB 1887 (Floyd)*, which would have repealed existing Penal Code provisions prohibiting the sale or exposure for sale of liquor within or near certain institutions, died in committee. (See CRLR Vol. 8, No. 1 (Winter 1988) p. 76 for details on this bill.)

*AB 850 (Klehs)*, which would have authorized out-of-state manufacturers to give away samples of alcoholic beverages to consumers, died in committee.

*AB 2495 (Friedman)*, which would have imposed "dram shop" liability on licensees who sell or furnish alcohol to an intoxicated person or minor who subsequently causes an injury-related accident, was withdrawn by its author.

*AB 612 (Sher)* would extend the statewide beverage container recycling program and penny-per-container refunds to wine cooler containers. As amended on March 15, AB 612 specifies that containers of 100% fruit juice with carbonation added are not included in the recycling program. This bill is pending in the Senate Appropriations Committee.

*AB 3327 (Areias)* would authorize a licensed beer manufacturer, a holder of an out-of-state beer manufacturer's certificate, a licensed winegrower or brandy manufacturer, and a licensed wholesaler or importer to be issued and hold retail package off-sale beer and wine licenses, as specified. AB 3327 is intended to correct inadvertent changes made by AB 1712 (Chapter 68, Statutes of 1987), and is pending in the Assembly Governmental Organization Committee at this writing.

*SB 1730 (Dills)* would, with respect to beer and other malt beverages, deem the person who obtains labeling approval from the ABC to be the beverage manufacturer responsible for paying the processing fees for the state's new recycling program. This bill is pending in the Senate Committee on Natural Resources and Wildlife.

*SB 2257 (Dills)* would authorize the ABC to issue a temporary permit to the transferee of a retail license to continue the operation of the premises for a period of 120 days; the fee for the temporary permit would increase to \$100. This bill is pending in the Senate Governmental Organization Committee.

*SB 2316 (Dills)* would provide that, with respect to stays of license suspensions, an offer in compromise shall be not less than \$300. This bill is also pending in the Senate Governmental Organization Committee.

*SB 625 (Maddy)*, as amended January 7, would authorize a retailer of beer to return discontinued brands of beer to the seller for the same quantity of a brand of similar quality. At this writing, SB 625 is pending in the Assembly Governmental Organization Committee.

*SB 2014 (Deddeh)* would authorize the holder of no more than six on-sale liquor licenses to (1) hold not more than 25% of the stock of one corporate licensed beer manufacturer that produces 60,000 barrels or less a year and is located in San Diego County; and (2) serve on the board of directors and as an officer or employee of that manufacturer. This bill is pending in the Senate Governmental Organization Committee.

*AB 1345 (Leonard)*, *AB 1898 (Hauser)*, *AB 2377 (Statham)*, and *SB 1103 (Seymour)*, discussed in detail in CRLR Vol. 8, No. 1 (Winter 1988) p. 76, died in committee.

## BANKING DEPARTMENT

*Superintendent: Howard Gould*  
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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