

# **LAW FOR THE CONTROL OF CASINOS, BINGOS AND SLOT MACHINES**

## **THE CONGRESS OF THE REPUBLIC OF VENEZUELA**

**Decreases the following:**

# **LAW FOR THE CONTROL OF CASINOS, BINGOS AND SLOT MACHINES**

## **TITLE I**

### **General Dispositions**

**Article 1.** The dispositions of this law regulate the activities, operation, authorizations regime and sanctions concerning the Casinos, Bingos and Slot Machines in compliance with Numeral 24 of Article 136 of the constitution of the Republic of Venezuela.

**Article 2.** To the effects of this law, we understood by:

**Casino.** Places open to the public where games of chance take like for profit.

**Bingo.** Places open to the public where only different modalities of Bingos take place, for profit.

**Slot Machines.** A mechanical or electronic gaming device into which a player may deposit coins, chips, bills or any other internal or external device.

## **Title II**

### **Of the Organs and their Competence**

#### **Chapter II**

#### **Of the National Casino, Bingo and Slot Machines Commission**

**Article 3.** The National Casino, Bingo and Slot Machines Commission is created as a separate organism of the Ministry of Treasury with a functional autonomy and governing the activities object of this law.

**Article 4.** The directory of the National Casino, Bingo, and Slot Machines Commission will be integrated by five (5) members who will act in representation of: one (1) of the presidency of the republic, who will preside; one (1) of the Ministry of Interior Relations; one (1) of the National Council against the Illicit Use of drugs (CONACUID); one (1) of the Treasury ministry; and one (1) of the organism governing Tourism. The integrating members of this Board of Directors must be Venezuela, of age, of renowned moral and professional solvency obliged to deposit the requirements which appear in Article 2 of the registration law of penal antecedents.

**Article 5.** Once sworn in, the board of directors of the National Casino, Bingo, and Slot Machines Commission will require the presence of at least three (3) of its members, including the president, to be constituted. The decisions of the Board will be taken by a

simple majority. When the Board operations with three (3) members, these must be taken unanimously.

**Article 6.** The National Casino, Bingo, and Slot Machines Commission will be in charge of the authorization and control of the activities, object of this law. Its decisions exhaust the administrative channel and will be notified to the interested party. A Government-Litigation recourse may be filed with a sixty (60) day term after the notification of the date due that the commission has to answer, according to the organic law of administrative proceedings.

**Article 7.** The functions of the National Casino, Bingo, and Slot Machines Commission are the following:

1. To comply with the dispositions contained in this law and its regulations;
2. Issue and renew through a resolution, the licenses foreseen in this law and impose the sanctions of fines, suspension, revoking or canceling the license through the motivated resolutions;
3. Approve or reject the Internal Regulation projects presented by the solicitors;
4. Authorize the transfer of shares of the Mercantile Titular Societies of licenses;
5. Certify and authorize the operation of articles, apparatus and machines to be used in the different establishments;
6. Carry out the admissible registers;
7. present an annual report before the organisms presented in this body;
8. Type the internal regulations;
9. The others agreed upon in other laws and regulations.

**Article 8.** The National Casino, Bingo, and Slot Machines Commission will create a technical inspection commission related with the operation of Casinos, Bingos and spot machines. The functions and faculties of this organism are the following:

1. Study all the matters on casinos, bingos and slot machines which are required by the Commission.
2. Organize every request and grade it according to what this law and its regulations require.
3. Carry out an updated register of artificial people dedicated to the operation of games regulated by this law, natural or artificial people who manufacture, import, sale or render maintenance services of the articles, machines or apparatus of authorized games; personnel employed in the different authorized places in compliance to this law; the National Casino, Bingo, and

Slot Machines Commission and any other register it deems appropriate, previous the approval of the commission.

4. Propose the amount of the bail that the requesters must constitute to set up the casinos, bingos and slot machines gambling rooms.
5. The rest which are assigned by the laws and regulations.

## **Chapter II**

### **Of the Financial Regime of the National Casino, Bingo, and Slot Machines Commission**

**Article 9.** The income of the National Casino, Bingo, and Slot Machines Commission are the following: the special contributions foreseen in this law in charge of the licenses and contributions assigned by the national executive.

**Article 10.** The Commission will annually make up its income and expenditure budget and will periodically participate its execution to the Ministry of Industry and Commerce.

**Article 11.** A special contribution destined to the expenditure budget of the commission will be established, which will vary between a minimum of 0.20 and a maximum of 0.30 x 1,000 based on the value of its assets.

**Article 12.** The special contributions must be liquidated in advanced before the National Casino, Bingo, and Slot Machines Commission within the first ten (10) days of every month of the respective fiscal exercise. Otherwise, they must pay delay interest, at the same rate set for their fiscal obligations.

## **CHAPTER III**

### **Of the Personal Regime of the National Casino, Bingo, and Slot Machines Commission**

**Article 13.** The offices and employees of the commission will have the character of public officials and will comply with the regulations of the law of the administrative career. The commission may issue regulations to establish a special regime on income, classification of payment, promotions, contests, transfers, suspension, extinction of the labor relations and savings funds, if these regulations improve the conditions established in said law.

## **TITLE III**

### **Of the Authorization and Opening of Casinos and Bingos**

**Article 14.** For the opening and operation of Casinos and Bingos, an indispensable requisite is the license issued by the National Casino, Bingo, and Slot Machines Commission.

**Article 15.** The requester of a license authorizing the operation of a Casino or Bingo must meet the following requisites:

1. Be constituted as a corporation whose corporate capital is represented in nominative shares:
2. Its object will be the operation of a Casino or a Bingo, in compliance to the dispositions of this law and may include complementary services:
3. The participation of foreign capital will not exceed in any case eighty percent (80%) of the corporate capital of the company.

**Article 16.** The company whose object is the operation of a casino in a five-star hotel must purchase an investment of no less than three hundred thousand tributary Units (300,000 T.U.) and an operational capital of two hundred thousand tributary units (200,000 T.U. ) totally subscribed and paid in cash. This capital may not be reduced during the existence of the corporation. When the object is the operation of a Bingo, the minimum amount the e capital of the company will be one hundred thousand tributary units (100,000 T.U.).

**Paragraph:** The amount equivalent in Bolivares of the minimum social capital referred to in this article, must be readjusted at the beginning of each year in compliance with Article 229 of the Tributary Organic code.

**Article 17.** The requisites to take the necessary steps and obtain a license for the operation of a Casino and Bingo are the following:

1. To be accredited through an authentic document as the legal representative of the interested company and have the faculty to formulate the request for the license;.
2. Present a certified copy of the constitutive document of the company requesting the license including its publication and other required information;
3. Identify its location and point out the characteristics of the establishment presented in the documents which certify the property and availability of the premise accompanied with the authorization to use the premise issued by the respective City Hall.
4. Present the internal regulation project.
5. Deposit a copy of the financial history of the petitioner and a certificate of operation fort the premises though clear and convincing evidence. Proof of its financial stability, integrity and responsibility including its personal, commercial, labor and banking references, and the declaration of taxes and other required documents;

6. Present the general balance, duly audited and elaborated by an external auditor, within the thirty (30) days before its request;
7. Present the banking or insurance company finances which are required in this law and its regulation;
8. Present a sworn declaration of the shareholders assets before the commission, together with the authorization so that the General Comptroller's Office of the Republic makes the investigation requested by the Commission.
9. When the petitioner of the license is not the owner of the corresponding premises, he must accompany a certified copy of the document certifying a contractual relation ad hoc with any of them.

**Article 18.** The licenses which are awarded in compliance with this law and its regulation are untransferable and must be operated by the licensee; they will have a duration of ten (10) years and may be renewed by equal periods, previous the requisite of the license, ninety (90) days in advanced to the expiration date.

**Article 19.** The licensee will put into operation the Casino or Bingo in a term no greater than six (6) months. When it is awarded the construction works or preparation of the place must have begun. If after the term awarded in each case, the licensee does not put into operation the Casino or Bingo, the right will expire.

**Article 20.** The license issued in compliance with this law will not except the other administrative authorizations required for the development of another activity in the premise where the Casino or Bingo will operate.

#### **TITLE IV Of the Directors and the Casinos And Bingos Personnel**

**Article 21.** The managers and members of the board of directors of a Casino or Bingo must be people of renowned moral solvency, of age and be in full use of their civil and political rights.

**Article 22.** The following people cannot be shareholders, directors, administrators, supervisors nor employees of any level of responsibility of a Casino or Bingo:

1. Those with a criminal record;
2. Those invested with permanent public functions, remunerated, originated by the election or appointment to the service of the Republic or Federal Entities, of the Municipalities or any Institute or public establishment submitted by the law to the control of the tutelage or any type, on behalf of said Entities.
3. Directors and Managers of civil societies, foundations and other natural persons whose capital or patrimony is integrated with contributions of the republic, federal entities or municipalities.

4. Members of the National Casino, Bingo, and Slot Machines Commission, their spouses and relatives up to third degree of kinship and second of affinity;
5. those who register document objection during the five (5) years before their appointment, not satisfactorily clarified by the commission;
6. Those who resulted civil and penal responsible for acts of bad administration as directors, administrators or managers of an artificial person or a company holding a license.

**TITLE V**  
**The Operation of Casinos and Bingos**

**CHAPTER I**  
**Of the Premises destined for the Operation of**  
**Casinos or Bingos**

**Article 23.** The premises destined for Casinos must be located in hotel buildings, classified by the competent authorities as five (5) star hotels and have a minimum of two hundred (200) rooms.

**Article 24.** The premises destined to Bingos must be located in hotel buildings classified by the competent authority as a five (5) star, minimum four (4) star hotel, or in other special installations authorized by the commission.

Article 25. The premises where Casinos, Bingos and Slot Machines operation must be located in geographical zones previously declared tourist zones and apt for the operation of these premises, approved by the president of the Republic in Minister Councils, on request of the Tourism organism. For the corresponding authorization the National Executive will request the Electoral Supreme Council to make a consulting referendum in the respective parish, though which its inhabitants decide if they agree or not with the location of such premises in their territorial area. The result of this referendum will be binding when negative.

**Paragraph:** The National executive, by the organism of the Ministry of Interior Relations though the security organisms of the State in compliance with Articles 53 and 58 of this law, will immediately proceed to the closing or the premises which have been operating as Casinos, Bingos, and slot machines, proceeding in relation to the people and assets in compliance in Article 54 and in Title VII “Infractions and Sanctions” of this law.

Article 26. The buildings where Casinos, Bingos and Slot machines are installed cannot be located near education centers, temples, health centers and hospitals. The distance between one and the other must be at least two hundred (200) meters. Every casino or bingo must install a double system of computerized video cassettes, to control the entrance and games. The installation of Casinos, Bingos and slot Machines will not be allowed in National Parks, or Natural Monuments nor places officially declared as refuge and reserve of animals, in compliance with the

Environmental Organic Law and the Organic Law for Territorial Ordinance, except in the exceptions contemplated in this Law.

**Article 27.** The operation of Slot Machines and other programmable games must be done together with a Casino or Bingo. In consequence no license will be awarded for the operation of a premise for only these machines.

**Article 28.** In Bingo Halls operating in premises different from hotels, they must offer the public, in their operating schedules, bar and restaurant services, lounges and parking spaces and the presentation of national live shows.

## **CHAPTER II Promotion and Publicity**

**Article 29.** It is strictly forbidden to advertise, promote and market the games controlled by this law through any communication means.

## **CHAPTER II Entrance to Casinos or Bingos**

**Article 30.** The following people cannot enter Casinos nor Bingos:

1. Minors, even though they are emancipated;
2. Those under the influence of drugs or alcohol;
3. Members of the police force, security forces, national armed forces and authorities of the judicial force, except when it is necessary that they are carrying out their obligations;
4. Uniformed members of the armed forces of foreign countries;
5. Those carrying any kind of weapons;
6. Those people who cannot gamble. The owners may reserve the right of admission to these premises.

## **CHAPTER IV Internal Gaming Regulation of Casinos, Bingos and Slot Machines**

**Article 31.** Every Casino or bingo must have an internal gaming regulation, in which the rules governing these activities will be established, and also the regulations and conditions to which the players will be submitted.

**Article 32.** The internal gaming regulation must meet the following conditions: 1. Name of each one of the games offered; 2. Detailed explanation of the rules which govern every game; 3. Results of studies and statistical information which indicate

the player or bettor the mathematical probability which he has to win; 4. In the case of slot machines or other programmable game, it must indicate the percentage of returns that these have programmed, which cannot be less than eighty percent (80%) of the income obtained for each machine; 5) Responsibility which the company assumes before the player or bettor; 6. The rest which are established in the regulation of this law.

**Article 33.** The internal gaming regulation which regulates the activities allowed by this law may be modified, on request of a licensee and a commission which will approve or reject the modifications, within a ninety (90) day term counting from the presentation of the mentioned request.

**Article 34.** Once the Internal Regulation is approved or its modification, the licensee must publish it in our official language and in at least two (2) more, being English a compulsory one, and exhibiting a copy written in the three (3) languages, in a visible place inside the premise. Equally, the licensee is obliged to distribute freely the internal gaming regulation to anyone who requests it.

## **Chapter V**

### **Articles, Machines and Equipment Used for Casino Games or Bingo Halls**

**Article 35.** Every article, game, equipment and machinery used for the operation of the activities regulating this law must be nationally made, of the types and characteristics authorized for such use by the commission, except those whose production and quality do not exist in the country. The recycling of equipment and gaming machines is strictly forbidden.

**Article 36.** Natural or juridical people who manufacture, sell or offer maintenance services of equipment and gaming machines of authorized games must be registered before the commission.

**Article 37.** The import of articles, games and equipment and slot machines will be governed by the dispositions of the legislation of the matter and will be managed before the competent authorities.

## **TITLE VI**

### **Royalties and other Tributes Caused by the Operation Of Casinos, Bingos and Slot Machines**

**Article 38.** Casinos will be taxed with a ten percent (10%) tax of the net earnings they obtain. Bingos will be taxed with twelve percent (12%), calculating this tax over the amount of the income not destined as prizes to the winners, considering that the amount of money for the prize cannot be less than seventy percent (70%) of the net income obtained by the room.

**Article 39.** The tax established in the above article will be applied with no prejudice of the taxes established in the organic law of the Municipal Regime, in the tax law for income and other tributary laws.

**Article 40.** Tax Payers of this tax will be the companies beneficiaries of the licenses authorizing the operation of Casinos and Bingos.

**Article 41.** A monthly royalty will be established of forty tributary units (40 T.U.) for the exploitation of each Casino gambling table. Each slot machine will pay ten tributary units (10 T.U.)

**Article 42.** The tax and royalties established will occur monthly and must be paid in a collection office for national funds, within the first five (5) calendar days at the end of the respective period.

**Article 43.** The Executive in the budget law will give priority so that the collected income for the application of these tributes in each exercise are invested in program to improve and create Tourist infrastructures, giving preference to the United States and Municipalities where these resources are generated.

## **TITLE VII**

### **Infractions and Sanctions**

**Article 44.** Infractions to this law are the following:

1. To modify with no authorization the conditions under which the licenses were awarded;
2. Transfer and sell the stocks of the companies beneficiaries of the licenses, with no authorization awarded by the commission;
3. Reduce the capital of the beneficiary companies of the licenses, under the established limit;
4. Play non authorized games inside the premises;
5. Furnish false information and data;
6. Advertise the place of business;
7. Allow the entrance of disqualified people to the place of business;
8. Intimidate or coerce players or bettors, and manipulate the games;
9. Not to exhibit the corresponding internal regulation in the place of business;
10. Manufacture, import, export, market, maintain and distribute gaming equipment and materials which are not authorized by the current regulation;
11. Allow the employees or directors of the place of business participate with payers or bettors.

12. The non payment of the special contribution to which they are obliged by this law.
13. Manipulate the financial and accounting states.
14. Omit sealing the forms mentioned in Article 59 of this law, and the corresponding remission.
15. The non-compliance of the other obligations imposed in this Law and its regulations.

**Article 45.** Infractions will be sanctioned by the commission with fines ranging from two thousand tributary units (2,000 T.U.) in effect in the Republic at the moment of its Imposition. Sanctions foreseen in this law will be applied with no prejudice of what is established in other laws.

**Paragraph:** In case of a relapse the amount of the fine will be double than the one originally imposed.

**Article 46.** In the event of continuous infractions, the commission will sanction the licensee with the definite suspension of the license.

**Article 47.** The infraction foreseen in numeral 2 of article 44 of this law will bring the revocation of the corresponding license, and also a fin to the stockholders, whose mount will be equal to the to the real value of the stocks; equal sanction will be applied in case of recurrence in the rest of the infractions pointed out in the same article.

**Article 48.** Once a license is revoked one cannot opt for a new one, but after ten (10) days have elapsed from the date of the revocation. This disposition is applicable both to the stockholders and to the company affected by this resolution.

**Article 49.** For the application of sanctions, the commission will proceed in compliance to the regulation of this law, considering the nature of the infraction, the circumstance which concur in the fact and its economical meaning.

**Article 50.** The instruction of the files which are initiated by the foreseen infractions and the application of the corresponding sanction will be governed by the organic law of administrative proceedings and by the organic Tributary code when they are applicable.

**Article 51.** When the crimes typified in the second book – “The Diverse Species of Crime” Title III “Crimes against public Matters”, Chapters III and IV, relative to “Corruption of Officials” and “abuse of authority and infractions of the duties of public officials” , respectively, the penal code, were committed in the establishment constituted with an arrangement to this law, the corresponding sanctions to each will be increased in one third of the applicable fine. If the offenders were the owners, administrators, cashiers, operators, Casino and Bingo attendants, independently of the admissible administrative sanctions, the fines will be raised to one half.

**Article 52.** The commission of the crimes contemplated in Article 52 of this law, and the guilt of the official, will be established or proved with the admissible proofs of the law.

**Article 53.** From now on, any establishment which is not authorized to function as a Casino or a Bingo Hall according to the legal regulations may be called so nor function as such.

**Article 54.** Anyone who in any way sponsors, facilitates or operates the function of the establishments or machinery referred to in this law, with no previous license, will be punished with prison from three (3) to four (4) years, and if it is a juridical person, the fine will be imposed on each one of its directors, administrators and managers. The assets found inside the place where the activity is taking place will be the object of confiscation or retention, drawing up the respective act.

## **TITLE VIII**

### **Final Dispositions**

**Article 55.** The regulations contained in this law will be preferably applied to the dispositions of legal ordinance which oppose to them.

**Article 56.** Only the Supreme Court of Justice, in the corresponding Court will know the defense which gives rise to the application of this law.

**Article 57.** To the means of this law, the value of tributary unit will be determined as stipulated in the Tributary Organic Code.

**Article 58.** The Governors, Mayors and other state and municipal authority will oversee in their respective jurisdiction that all sanctions imposed in orders and resolutions of the National Executive and regulations foreseen in this law are carried out.

**Article 59.** Every person who does an operation of more than five thousand American dollars (US\$ 5,000) or its equivalent in Bolivares or another foreign currency must, under oath fill out a form containing at least:

1. Identification of the people making the operation;
2. A declaration saying if he acts in his own name or of another artificial or juridical person;
3. Description, type and amount of the operation;
4. Origin of the money.

The place of business will send the forms every two weeks to the National Casino Commission and to the Central Bank in Venezuela.

**Article 60.** This law will be in force from the date of its publication in the Official Gazette of the Republic of Venezuela.

**TITLE IX**  
**Temporary Dispositions**

**Article 61.** The National Executive must apply the regulation of this Law, within ninety (90) days continuous from the date on which the same is enacted.

**Article 62.** Workers of Casinos, Bingo Halls and Slot Machines whose work is oriented to the execution of the activities which are taking place in the gaming rooms may be foreigners if the number does not exceed ten percent (10%) of the total number of personnel a the service of the place of business. It is understood that temporary exceptions to the above mentioned percentage may be awarded in those particular cases where the activities which are to take place required of special technical knowledge and there is no available Venezuelan personnel to do it.

To the effects which are contracted in the present article, it will be the Labor Ministry the competent organism to authorize the temporary exceptions to the percentage of the mentioned personnel, previous the study of the general conditions of the offer of hand labor and circumstances of the case, all of this in compliance with the regulation foreseen in the organic labor law.

**Article 63.** The governing tourism organism, previous a report from the National Casino Commission, must authorize the making of courses and workshops to train the personnel to work in the places regulated in this law.

**Article 64.** The exceptions of the requisites established in articles 23, 25 and 26 of this Law, the Hotel Humboldt, located in the National Park El Avila, jurisdiction of the Federal District.

Issued, signed and sealed in the legislative Federal Palace, in Caracas, on the first day of the month of July, nineteen hundred and ninety seven.

Year 187 of the Independence and 138 of the Federation.

THE PRESIDENT  
**Cristóbal Fernández Dalo**  
THE VICE-PRESIDENT  
**Ramón Guillermo Avelo**  
THE SECRETARIES  
**María Dolores Elizalde**  
David Nieves

Palacio de Miraflores, in Caracas, on the twenty third day of the month of July, nineteen hundred and ninety seven. 187 years of the Independence and 138 of the Federation.

To be complied

(L.S.)

**Rafael Caldera**

THE MINISTER OF INTERIOR RELATIONS

**José Guillermo Andueza**

THE MINISTER OF TREASURY

**Luis Raúl Azócar**

THE MINISTER OF INDUSTRY AND COMMERCE

**Freddy Rojas Parra**

THE MINISTER OF JUSTICE

**Hilarión Cardozo De Estado**

THE MINISTER OF STATE

**Herman Luís Valery**

THE MINISTER OF STATE

Carlos Tablante