



CALIFORNIA GAMBLING CONTROL COMMISSION

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STATE PERSONNEL BOARD AUDITORIUM

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SACRAMENTO, CALIFORNIA 95814

MINUTES OF COMMISSION MEETING

MAY 30, 2001

OPEN SESSION

Commissioner Hensley called the meeting of May 30, 2001 to order at 1:30 pm.

Commissioners present: Arlo E. Smith, J.K. Sasaki, Michael C. Palmer and John E. Hensley.

Staff present: Robert Traverso (Interim Executive Secretary),

Peter Kaufman (Legal Counsel loaned by the Attorney General's Office).

The Pledge of Allegiance was recited.

Commissioner Sasaki moved to approve the May 14, 2001 Commission Meeting Minutes.

Commissioner Smith seconded the motion, which was adopted unanimously.

Agenda Item 1. Cardroom License/Permit Applications

Robert Traverso indicated that the Commission has one work permit application and three license renewal applications for the parties named in the notice of meeting and that all of these applications are recommended by the Division of Gambling Control for approval. Mr Traverso asked if there were any appearances in connection with any of these four applications. There being no appearances, Mr. Traverso indicated that the Commission may wish to take up these four applications on a consent basis. Mr. Traverso then asked if there was a motion to approve the one work permit applications and three license renewal upon the recommendation of the

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Division of Gambling Control. It was moved, by Commissioner Smith, Seconded by Commissioner Sasaki, that the one work permit and three license renewal applications identified in the notice of meeting and identified below be approved upon the recommendation of the Division of Gambling Control.

Work Permits:

- a. Samir M. Zoudo, WPN #100263, Empire Sportsmen's Assoc.

License Renewals:

- b. Sundowner Cardroom, GE #0511, Visalia.
- c. Bruce's Casino, GE #0778, Blythe.
- d. La Primavera Pool Hall & Café, GE #0497, Madera.

Commissioner Smith moved to approve the license/permit applications and Commissioner Sasaki seconded the motion. The item was adopted unanimously.

Agenda Item 2. Cardroom License Approval Process (especially Temporary Licenses)

Robert Traverso indicated no staff report was available at this time. Discussions would be rescheduled to the June 11th meeting.

Agenda Item 3. Discussion of SB 832 (Polanco).

There was public comment concerning SB 832:

- Maria Armoudian, from Senator Polanco's, office urged the Commission to support the bill. The bill was revised 5/29/01 to delay the implementation date to 9/1/02 for the development of statewide regulations.
- Gregg Cook asked the Commission if there were any other amendments.
- Doug Pringle questioned what is not being regulated and if the Commission was aware of any illegal operations. He also asked why the Commission wants to support this bill.
- Kevin Beers opposes SB 832. He asked why there is a need to regulate bingo when it is already done at the local level and how does California compare to other states?
- Russ Campbell, from Fairfield High School Marching Band, indicated state law already mandates that bingo be regulated by local governments. The licensing fees are paid locally and the requirements of this bill are not necessary for charitable bingo. Commissioner Hensley indicated he believes this bill is geared toward those that move around the state.
- Barbara Siggie indicated the bill appears to be vague and asked what the need is and why it is being rushed through.
- Patrick McCallum, of Patrick McCallum Group, encouraged support for the bill to ensure consistent regulations.
- Howard Brookfield indicated support for SB 832
- Rabbi H. Dove Beliak indicated support for SB 832. He also indicated he had begun a survey of bingo operations across the state and will share the results with the Commission.

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- Steve Wilson, a bingo supplier, stated he has concerns on behalf of his customers regarding the impact of more regulations and that there will be a negative impact on charitable bingo.
- Gregg Cook again encouraged the Commission to take their time to study the issue and not vote on the bill at this time.
- Maria Armoudian clarified the other amendments to the bill included adding co-authors and that the intent is to protect charitable bingo.

Commissioner Hensley indicated there have been a number of legislative hearings and this bill sets the framework to allow the Commission to establish regulations through the public hearing process.

Commissioner Hensley moved that the Commission support the bill. Commissioner Palmer seconded the motion. By unanimous vote, the Commission approved the motion.

**Agenda Item 4. Revenue Sharing Trust Fund Supplemental Report to Legislature:
Possible increase in distribution amount to the initial proposed distribution amount.**

Robert Traverso indicated the Commission approved \$50,000 per quarter for distribution at the May 10, 2001 meeting, and that the report was submitted to the Legislature for appropriation of these funds. With additional information, the Commission staff now recommends an additional \$50,000, for a total of \$100,000 per quarter, be disbursed. Because this information is still un-audited, it is also recommended that a \$14.7 million reserve be maintained. Traverso also indicated by taking this action, the Commission would not be confirming the number of licenses nor the methodology used by the tribes. He also indicated there was one tribe that had not responded and that the distribution amount for this tribe would be placed in a trust until the information is received. This supplemental distribution would be made to 84 tribes as compared to the 68 that were identified in the original report.

There was also discussion concerning tribes with land in both Arizona and California. Traverso indicated that there are three tribes that fall in to this category. Two of these tribes have gaming in Arizona, but not in California, which would make them eligible for distribution, and that one of these tribes has lands both in California and Nevada, and is non gaming in both states. Commissioner Palmer questioned whether or not distribution should be made to these tribes. Robert Traverso indicated it could be studied further and was up to interpretation. Commissioner Palmer stated he wanted this information before including these tribes in the recommendation for distribution. Commissioners Smith and Sasaki indicated legal counsel on this topic should also be sought. Commissioner Hensley stated the monies would be held in trust until staff resolved this question and asked that it be done as quickly as possible.

- Brian Wallace—Washoe Tribe, indicated they have lands in both California and Nevada, are non-gaming and is concerned about any additional hold-up in the distribution.

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- Gary Qualset, Commission staff, indicated the Washoe Tribe was recommended for distribution and was not one of the three identified compacted tribes.
- Jacob Coin indicated the three subject tribes had members living in both states.
- Howard Dickstein, attorney, stated discussion on this topic must include the parties to the compacts to arrive at the intent of the compact language.
- Frank Lawrence, attorney, stated that some tribes had submitted information but the Commission's report indicated otherwise. This should be corrected. He also stated the Compact gives the Commission no discretion in distribution and therefore, all monies should be distributed.
- Jacob Coin submitted his May 1, 2001 correspondence with a resolution in support of full distribution.
- Howard Dickstein asked if the method for distribution was pro-rata versus equal distribution and what method the Commission intended to use for issuing new licenses.
- John Currier asked the Commission to be careful in listening to what these attorneys are saying and proceed as the Commission thinks is appropriate.
- Gary Qualset indicated the partial distribution was based on applying the approved methodology. Tribes may be getting additional money or asked to repay, depending on the final calculations.
- Patricia A Prochaska, attorney, indicated the Colusa and Robertson tribes responses were submitted prior to the deadline. She also indicated that Commission has no discretion with regard to the disbursement of funds.
- Steve Banegas agreed with the distribution of all funds. He also indicated the CapitanGrande is no longer a tribe and their monies should not be distributed.
- Katherine Kluney stated the Capitan Grande is no longer a tribe.
- Commissioner Palmer stated it was appropriate for the Commission to maintain a reserve to account for errors.
- Cherie Rhodes asked about the definition of compact versus non-compact tribes.
- Greg Elvine-Kreis stated this distribution will result in overpayments and does not follow the method discussed in public forum.
- Carmela Johnson, Upper Lake Rancheria, indicated there are needs in the communities and encouraged the Commission to submit their recommendations to the Legislature.
- Tim Campbell, Graton Rancheria, stated he supported the initial recommendation but wants the distribution done on an equal dollar basis for all three quarters, even if a tribe was not eligible during on of these quarters.

Commissioner Smith recommended accepting staffs' recommendation for distribution, that the report be forwarded to the Legislature, and that the three tribes with gaming in Arizona and the Capitan Grande Tribe be footnoted. He also recommended staff review the particulars of the three tribes with gaming in Arizona and the status of the Capitan Grande Tribe and report back at the next

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Commission meeting. Commissioner Sasaki seconded the motion, which was unanimously adopted.

Commissioner Hensley encouraged tribal leaders to work with the Commissioners on the licensing methodology.

CONSENT CALENDAR ITEMS

Commissioner Sasaki moved to ratify the Interagency Agreement with the Department of Justice. Commissioner Smith seconded the motion, which was unanimously adopted.

PUBLIC COMMENT

- John Sustaita wanted to ensure there was a right of appeal on license questions to the Commission.

CLOSED SESSION

Commissioner Hensley announced that the Commission would be going into closed session to discuss litigation issues. At 3:15 pm, the Commission adjourned to closed session after Legal Counsel, Peter Kaufman indicated discussions concerning litigation would take place under Government Code Section 11126(c) and 11126(e), and personnel issues under Government Code Section 11126(a)(1).

RECONVENE OPEN SESSION

Commissioner Hensley reconvened the open session at 4:59 pm. He indicated that there was nothing to report. Commissioner Sasaki moved to adjourn the meeting and Commissioner Smith seconded the motion. By unanimous vote, the meeting was adjourned at 5:00 pm.