

CALIFORNIA GAMBLING CONTROL COMMISSION
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SACRAMENTO, CA 95814

MINUTES OF JANUARY 23, 2002 COMMISSION MEETING

OPEN SESSION

Chairman Hensley called the meeting of January 23 2002, to order at 10:06 a.m. with Chairman Hensley and Commissioners Sasaki, Smith, and Palmer present.

Staff Present: Gary Qualset, Deputy Director Licensing and Compliance Division; Peter Melnicoe, Chief Counsel; Herb Bolz, Senior Legal Counsel and Regulations Coordinator; Cara Podesto, Manager, Licensing Section.

The Pledge of Allegiance was recited.

Commissioner Sasaki moved to approve the January 9, 2002, Commission Meeting Minutes. Commissioner Smith seconded the motion, which was unanimously adopted.

DECISION ITEMS

1. Applications for Work Permit:
 - a. Brooks Oceana Card Room:
Tarby, James
 - b. Jok-Erz Wild Casino
Foster, Stephanie
Maciel, Nelly
 - c. Pacific News Card Casino:
Mugnani, John
 - d. Ven-A-Mexico
Carrillo, Michael

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of Item 1 sub-items a, b, c, and d. Commissioner Smith moved to approve Item 1 sub-items a, b, c, and d. Commissioner Sasaki seconded the motion, which was unanimously adopted.

2. Application for Finding of Suitability–Request to Withdraw:
 - a. Miller & Schroeder Investments Corporation.

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the request to withdraw the application for finding of suitability without prejudice for Item 2a. Miller & Schroeder Investments Corporation. Commissioner Palmer moved to approve without prejudice the request to withdraw the application for finding of suitability for Item 2a. Miller & Schroeder Investments Corporation. Chairman Hensley seconded the motion, which was unanimously adopted.

3. Applications for State Gambling License:
 - a. Sonoma Joe's (Jok-Erz Wild Casino): Alamo Investments, Inc., A California Corporation

Deputy Director Qualset presented to the Commission Item 3a. Sonoma Joe's application for state gambling license. Deputy Director Qualset indicated that the Commission had approved the sale of Jok-Erz Wild Casino to Alamo Investments, Inc. at the January 9, 2002, Commission meeting. Deputy Director Qualset further indicated that both the Division of Gambling Control and Commission staff recommends approval of the application for state gambling license. The gambling establishment will be doing business as Sonoma Joe's. Commissioner Sasaki moved to approve the application for state gambling license for Item 3a. Sonoma Joe's Commissioner Smith seconded the motion, which was unanimously adopted.

4. Applications for Renewal of State Gambling License
 - a. Cap's Saloon: Cap's Enterprises, Inc., A Corporation

Deputy Director Qualset presented Item 4a. Cap's Saloon to the Commission for consideration of the application to renew the state gambling license. Deputy Director Qualset indicated that Cap's Saloon was previously issued a temporary license by the Commission in November 2001, while pending receipt of the licensee's response to a notice of violation issued by the Division of Gambling Control for violations of the City of Salinas Local ordinance and the Gambling Control Act. Deputy Director Qualset stated that the Division of Gambling Control received the licensee's response. Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommends approval of the license for the remaining license term through November 30, 2002. The Division of Gambling Control will continue to monitor the licensee for compliance for the duration of the license term. Commissioner Smith moved to approve the license for Item 4a. Cap's Saloon, for the remaining license term through November 30, 2002, with the continued monitoring by the Division of Gambling Control. Commissioner Sasaki seconded the motion, which was unanimously adopted.

Chairman Hensley entered a motion to notice the licensee that previous violations are on record and the Commission may proceed with action to revoke the license should repeated violations occur. The Commissioners unanimously adopted the motion in a vote called by Chairman Hensley.

b. Club Caribe: S&S Gaming, Inc., A California Corporation

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommends approval of the application to renew state gambling license for 4b. Club Caribe. Deputy Director Qualset further indicated that the license would be in effect for the period of February 1, 2002 through January 31, 2003. Commissioner Palmer moved to approve Item 4b. Club Caribe's application to renew state gambling license for the period of February 1, 2002 through January 31, 2003. Commissioner Smith seconded the motion, which was unanimously adopted.

c. Gloria's Lounge & Casino: Gloria Gutierrez, Sole Proprietor

Deputy Director Qualset indicated that Item 4c. Gloria's Lounge & Casino was previously issued a temporary license by the Commission to allow the casino to continue operating pending an additional report from the Division of Gambling Control regarding a pending court action against the casino for violation of Penal Code section 330A. Final disposition of the action has been continued to September 17, 2002, at which time no further violations have occurred, the charges will be dismissed. Deputy Director Qualset further indicated that both the Division of Gambling Control and Commission staff recommend approval of the license for the remainder of the license term through October 31, 2002, with a notice to the owner requiring that a copy of the September 17, 2002 court decision be forwarded to the Commission. Commissioner Smith moved to approve the application to renew the state gambling license for Item 4c. Gloria's Lounge & Casino. Commissioner Hensley seconded the motion, which was unanimously adopted.

d. Lucky Buck Card Club: Dale Common, Sole Proprietor

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommends approval of the application to renew state gambling license for Item 4d. Lucky Buck Card Club. Deputy Director Qualset further indicated that Commission staff recommends the approval also be conditioned upon the Commission receiving the license renewal fees from the card club on or before January 31, 2002. Commissioner Palmer moved to approve the application to renew state gambling license for Item 4d. Lucky Buck Card Club. Commissioner Sasaki seconded the motion, which was unanimously approved.

5. Discussion of Schedule for Tribal-Commission Meetings to Discuss Issues Concerning Issuance of Gaming Device Licenses Pursuant to Tribal-State Gaming Compacts.

Chairman Hensley announced that the Commission scheduled meetings for both February and March, 2002, to discuss issues regarding payment into the Revenue Sharing Trust Fund by Compact Tribes and the issuance of gaming device licenses. Chairman Hensley read the January 17, 2002, notice that was sent to the Tribal Chairpersons regarding the upcoming scheduled meetings. A copy of this letter has been incorporated into the record and is referenced as Attachment A.

6. Approval of 2002 Rulemaking Calendar (required by Government Code section 11017.6).

Senior Legal Counsel and Regulations Coordinator Herb Bolz presented to the Commission for discussion a proposal of topics to be included on the 2002 rulemaking calendar.

The meeting was opened for public comment on the proposed rulemaking calendar. There were no comments from the public.

7. Delegation of Authority to Approve the Annual Rulemaking Calendar Prepared Pursuant to Government Code section 11017.6.

Chairman Hensley asked for a motion on the Delegation of Authority to approve the Annual Rulemaking Calendar prepared pursuant to Government Code section 11017.6. Commissioner Smith moved to approve the Delegation of Authority. Commissioner Sasaki seconded the motion, which was unanimously adopted.

The Resolution of the Delegation of Authority to approve the Annual Rulemaking Calendar prepared pursuant to Government Code section 11017.6 was certified by Chairman Hensley and is incorporated into the minutes and referenced as Attachment B.

8. Consideration of Proposals for Uniform Statewide Gaming Regulations for Submission to the Tribal-State Association Pursuant to Section 8.4.1 of the Tribal-State Gaming Compacts:

- Use of a registration procedure as the State Certification Process under Compact section 6.5.6 for certain large institutional investors that are financial sources for tribal gaming facilities or operations.
- Interpretation of Compact sections 6.4.6 and 6.5.6 to exclude holders of qualifying letter-of-credit-backed bonds.

Chief Counsel Pete Melnicoe presented to the Commission for their consideration proposals for uniform statewide gaming regulations for submission to the Tribal-State Association pursuant to Section 8.4.1 of the Tribal-State Gaming Compacts concerning: use of a registration procedure as the state certification process under Compact section 6.5.6 for certain large institutional investors that are financial sources for tribal gaming facilities or operations; and interpretation of Compact sections 6.4.6 and 6.5.6 to exclude holders of qualifying letter-of-credit-backed bonds.

Commissioner Palmer moved to propose the two regulations to the Association of Tribal and State Gaming Regulators for their consideration and the consideration of each Tribal Counsel. Commissioner Smith seconded the motion, which was unanimously adopted.

A copy of the proposed regulation adopted by the Commission has been incorporated into these minutes and referenced as Attachment C.

The meeting was opened for comments from the public on the uniform statewide gaming regulations.

Frank Lawrence, Attorney, Holland Knight, presented comments to the Commission on the proposed regulations.

Luisa Sustaita, representative for the Santa Ynez Band of Chumash Indians, presented to the Commission a letter dated January 22, 2002, of recommendations to the proposed regulations from Vincent Armenta, Chairman of the Santa Ynez Band of Chumash Indians. A copy of the letter has been incorporated into the minutes as is referenced as Attachment D.

Kent Richey, Faegre & Benson, LLP, provided comments to the Commission on the proposed regulations.

Rod Blonien, representative for the Commerce Club presented comments to the Commission on the proposed regulations.

Jerry Heleva, Bicycle Casino and Ocean's 11 presented comments to the Commission on the proposed regulations.

The Commission was presented a letter dated January 22, 2002, regarding the proposed regulations from Deron Marquez, Tribal Chairman, San Manuel Band of Serrano Mission Indians. A copy of the letter has been incorporated into these minutes and referenced as Attachment E.

9. Staff Discussion Concerning the Use of the New Temporary and Regular Work Permit Application

Manager Cara Podesto presented to the Commission for discussion the new temporary and regular work permit application form and provided a brief summary on instructions for completing and submitting the application form.

10. Staff Discussion Concerning the Use of the New Transfer of Work Permit Application

Manager Cara Podesto presented to the Commission for discussion the new transfer of work permit application form and provided a brief summary on instructions for completing and submitting the application form.

PUBLIC COMMENT

Chairman Hensley announced that the Commission was moving to a new location. Effective February 11, 2002, the Commission would be located at 2399 Gateway Oaks Drive, Suite 100, Sacramento, CA, 95833.

The meeting was opened for comments from the public.

Michael Sabatier, Sonoma Joe's Casino presented to the Commission questions concerning the use of the work permit applications.

CONSENT CALENDAR ITEMS

None.

CLOSED SESSION

Chairman Hensley announced that the Commission would be going into closed session. At 11:24 a.m. the Commission adjourned to closed session after Commission Counsel stated that 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

Chairman Hensley reconvened the open session at 12:10 p.m. and indicated there were no announcements from the closed session. Commissioner Sasaki moved to adjourn the meeting. Commissioner Smith seconded the motion, which was adopted unanimously; the meeting was adjourned at 12:13 p.m.