

CALIFORNIA GAMBLING CONTROL COMMISSION
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2399 Gateway Oaks Drive, Suite 100
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May 8, 2002, 1:30 p.m.

MINUTES OF MAY 8, 2002 COMMISSION MEETING

OPEN SESSION

Commissioner Smith called the meeting of May 8, 2002, to order at 1:40 p.m. with Commissioners Smith, Sasaki, and Palmer present. Chairman Hensley was not present.

Staff Participating: Gary Qualset, Deputy Director Licensing and Compliance Division; Pete Melnicoe, Chief Counsel, Legal Division.

The Pledge of Allegiance was recited.

Commissioner Sasaki moved to approve the April 18, 2002, Commission Meeting Minutes. Commissioner Palmer seconded the motion, which was unanimously adopted.

DECISION ITEMS

Commissioner Smith announced that there would be a change in the order of the items, as they appeared on the agenda, being considered by the Commission in that the item noticed as number one would be considered after noticed item number five.

2. Applications for Key Employee License:
 - a. California Commerce Casino:
Deming, Nathan
Holyfield, Susan
Romeyn, Steven
 - b. Oaks Card Club:
Stone, Robert

Deputy Director Qualset recommended that the Commission consider Item 2a and Item 2b separately.

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the applications for key employee license for Item 2a Nathan Deming, Susan Holyfield, and Steven Romeyn. Commissioner Sasaki moved to approve the applications for key employee license for Item 2a Nathan Deming, Susan Holyfield, and Steven Romeyn. Commissioner Palmer seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for key employee license for Item 2b Robert Stone. Commissioner Palmer moved to approve the applications for key employee license for Item 2b Robert Stone. Commissioner Sasaki seconded the motion, which was unanimously adopted.

3. Request for Additional Authorized Tables:
 - a. Phoenix Casino and Lounge: Phoenix Casino and Lounge, Inc., A California Corporation.

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the request for two additional authorized tables for Phoenix Casino and Lounge. Deputy Director Qualset further indicated that the Division of Gambling Control's recommendation was based on the fact that at all times since Citrus Heights was incorporated, which is the city where the gambling establishment is located, the local ordinance allowed a gambling establishment to operate up to seven gaming tables. Commissioner Palmer moved to approve the request for two additional authorized tables for Phoenix Casino and Lounge. Commissioner Sasaki seconded the motion, which was unanimously adopted.

4. Application for State Gambling License – Request for Withdrawal:
 - a. Pacific News Card Room:
Malatesta, Eugene

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval without prejudice of the request to withdraw the application for state gambling license for Item 4a Pacific News Card Room. Deputy Director Qualset stated that the Division of Gambling Control did not complete the background investigation and any unearned background investigation deposit paid to the Division of Gambling Control will be refunded to the applicant if the application withdrawal request is approved. Commissioner Sasaki moved to approve without prejudice the request to withdraw the application for state gambling license for Item 4a Pacific News Card Room. Commissioner Palmer seconded the motion, which was unanimously adopted.

1. Applications for Work Permit:
 - a. Lake Bowl Cardroom:
Kim, June
 - b. Sonoma Joe's (Jok-Erz Wild Casino):
Hankel, James
Simpton, James
Smith, Julie
 - c. Poker Flats Casino:
Sayaphone, Suvan
 - d. River Card Room:
Fuller, Timothy

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for work permit for Item 1a June Kim. Commissioner Sasaki moved to approve the application for work permit for Item 1a June Kim. Commissioner Palmer seconded the motion, which was unanimously adopted.

Michael McPeters, Special Agent Supervisor, Division of Gambling Control, presented to the Commission the Division of Gambling Control's recommendation concerning the application for work permit for Item 1b James Hankel. Special Agent McPeters indicated that the Division recommends James Hankel's application for work permit be denied under Business and Professions Code section 19850A(a)(2) and (4). Deputy Director Qualset indicated that Commission staff recommend that the application for work permit for James Hankel be denied as well, under Business and Professions Code section 19850A(a)(2) and (4), 19910.5A(d) and Section 12130 of Title 4 of the California Code of Regulations.

Commissioner Palmer requested that staff give the highest priority to denials received from the Division of Gambling Control noting the length of time elapsing from when the Commission had received recommendations for denials from the Division of Gambling Control until the denials were presented to the Commission for consideration. Deputy Director Qualset stated that the reason for the delay in presenting the denials to the Commission for consideration was due to the lack of sufficient staff to address the denials when they were originally received from Division of Gambling Control, and delay caused by the necessity for Commission's adoption of regulations that provide standards for work permit denials. Commissioner Smith stated that although approval of applications for work permits should receive first priority, he requests that staff be redirected to address denials received from the Division of Gambling Control and to reduce any back-log. Commissioner Palmer requested that staff request of the Division of Gambling Control to transmit a current inventory listing of workload concerning licensing.

Commissioner Palmer moved to deny the application for work permit for Item 1b James Hankel on the basis that the grounds for denial stated in the recommendation thereon provided by the Division of Gambling Control constitute reasonable cause for denial within the meaning of Business and Professions Code Section 19910.5A and also ground for denial under the Commission's regulation Section 12130 of Title 4 of the California Code of Regulations. Commissioner Sasaki seconded the motion, which was unanimously adopted.

Special Agent McPeters presented to the Commission the Division of Gambling Control's recommendation concerning the application for work permit for Item 1b James Simpton. Special Agent McPeters indicated that the Division recommends James Simpton's application for work permit be denied under Business and Professions Code section 19850A(a)(2) and (4). Deputy Director Qualset indicated that Commission staff recommend that the application for work permit for James Simpton be denied as well, under Business and Professions Code section 19850A(a)(2) and (4), 19910.5A(d), and Section 12130 of Title 4 of the California Code of Regulations. Commissioner Sasaki moved to deny the application for work permit for Item 1b James Simpton on the basis that the grounds for denial stated in the recommendation thereon provided by the Division of Gambling Control constitute reasonable cause for denial within the meaning of Business and Professions Code Section 19910.5A and also ground for denial under the Commission's regulations Section 12130 of Title 4 of the California Code of Regulations. Commissioner Palmer seconded the motion, which was unanimously adopted.

Special Agent McPeters presented to the Commission the Division of Gambling Control's recommendation concerning the application for work permit for Item 1b Julie Smith. Special Agent McPeters indicated that the Division recommends Julie Smith's application for work permit be denied under Business and Professions Code section 19850A(a)(4). Deputy Director Qualset indicated that Commission staff recommend that the application for work permit for Julie Smith be denied as well, under Business and Professions Code section 19850A(a)(4), 19910.5A(d), and Section 12130 of Title 4 of the California Code of Regulations. Commissioner Palmer moved to deny the application for work permit for Item 1b Julie Smith on the basis that the grounds for denial stated in the recommendation thereon provided by the Division of Gambling Control constitute reasonable cause for denial within the meaning of Business and Professions Code Section 19910.5A and also ground for denial under the Commission's regulations Section 12130 of Title 4 of the California Code of Regulations. Commissioner Sasaki seconded the motion, which was unanimously adopted.

Special Agent McPeters presented to the Commission the Division of Gambling Control's recommendation concerning the application for work permit for Item 1c Suvan Sayaphone. Special Agent McPeters indicated that the Division recommends Suvan Sayaphone's application for work permit be denied under Business and Professions Code section 19850A(a)(2). Deputy Director Qualset

indicated that Commission staff recommend that the application for work permit for Suvan Sayaphone be denied as well, under Business and Professions Code section 19850A(a)(2), 19910.5A(d), and Section 12130 of Title 4 of the California Code of Regulations. Commissioner Palmer moved to deny the application for work permit for Item 1c Suvan Sayaphone on the basis that the grounds for denial stated in the recommendation thereon provided by the Division of Gambling Control constitute reasonable cause for denial within the meaning of Business and Professions Code Section 19910.5A and grounds for denial under the Commission's regulations Section 12130 of Title 4 of the California Code of Regulations. Commissioner Sasaki seconded the motion, which was unanimously adopted.

Special Agent McPeters presented to the Commission the Division of Gambling Control's recommendation concerning the application for work permit for Item 1c Timothy Fuller. Special Agent McPeters indicated that the Division recommends Timothy Fuller's application for work permit be denied under Business and Professions Code section 19850A(a)(2)(3)(4). Deputy Director Qualset indicated that Commission staff recommend that the application for work permit for Timothy Fuller be denied as well, under Business and Professions Code section 19850A(a)(2)(3), 19910.5A(d), and Section 12130 of Title 4 of the California Code of Regulations.

Timothy Fuller petitioned the Commission to reconsider the Division of Gambling Control's recommendation for denial of his application for work permit.

Rodney Blonien, Lobbyist, presented to the Commission comments concerning laws regarding work permit denials of people with prior felony convictions.

Commissioner Palmer moved to deny the application for work permit for Item 1c Timothy Fuller on the grounds that the applicant's prior felony conviction and failure to disclose prior convictions in his application constitute reasonable cause for denial within the meaning of Business and Profession Code section 19910.5A and also ground for denial under the Commission's regulation Section 12130, subdivision (a)(1), of Title 4 of the California Code of Regulations. Commissioner Sasaki seconded the motion, which was unanimously adopted.

5. Applications for State Gambling License:

- a. Gold Sombrero: In Cha Say, Sole Proprietor.
- b. Pastime Club: Vernon Lemings, Sole Proprietor.

Special Agent McPeters presented to the Commission the Division of Gambling Control's recommendation concerning the application for state gambling license for Item 5a Gold Sombrero, In Cha Say, sole proprietor. Special Agent McPeters indicated that the Division recommends the application for state

gambling license be denied under Business and Professions Code sections 19847A, 19848A, 19850, 19910.5A, 19915.5, 19932, Section 2033 of Title 11 of the California Code of Regulations, and Penal Code section 337j(a)(1)(b). Deputy Director Qualset indicated that Commission staff, based on the code violations cited by Special Agent McPeters, concurred with the Division of Gambling Control's recommendation of denial for the state gambling license. Deputy Director Qualset further indicated that Commission staff recommend that the Commission notify In Cha Say that: 1) Her state gambling application for Gold Sombrero has been denied, 2) That accordingly no gambling activity may be conducted on their premises under the Gambling Control Act unless and until the Commission approves the pending application for change of ownership and a state gambling license for the applicant. 3) The Commission has prescribed ninety-days from the date of denial as the time period within which it will consider the applicants application for licensure to own and operate the Gold Sombrero.

Commissioner Sasaki inquired of staff whether application fees for the state gambling license have been paid in full by In Cha Say, and if not, requests that staff include in its recommendation a condition upon approval of sale of the gambling establishment that payment in full of any outstanding fees must be made to the Division of Gambling Control.

Commissioner Smith moved to deny the application for state gambling license for Item 5a Gold Sombrero, In Cha Say, sole proprietor, on the basis that grounds for denial stated in the recommendation thereon provided by the Division of Gambling Control constitute cause for denial, and to adopt the recommendation as stated by Deputy Director Qualset including the request of Commissioner Sasaki. Commissioner Sasaki seconded the motion, which was unanimously adopted.

Special Agent McPeters presented to the Commission the Division of Gambling Control's recommendation concerning the application for state gambling license for Item 5b Pastime Club, Vernon Lemings, Sole Proprietor. Special Agent McPeters indicated that the Division recommends the application for state gambling license be denied under Business and Professions Code sections 19840.5(a), 19850A(a)(2), 19854(a), and Sections 2036(a), 2052(a), 2053(b), 2060, and 2072 of Title 11 of the California Code of Regulations. Deputy Director Qualset indicated that Commission staff, based on the code violations cited by Special Agent McPeters, concurred with the Division of Gambling Control's recommendation of denial for the state gambling license. Deputy Director Qualset further indicated that on January 25, 2002, notice was sent to Vernon Lemings informing him of his right to appeal the Division of Gambling Control's recommendation by requesting an evidentiary hearing, and a second notice informing Mr. Lemings that the application for gambling license would be considered by the Commission was sent on April 10, 2002.

Vernon and Mona Lemings petitioned the Commission to grant them an evidentiary hearing on the basis that they claimed not to have received notice from the post office of the January 25, 2002, certified letter, and were unaware of their right to request a hearing. Mona Lemings stated that they lived in a rural area and mail was often lost or mis-delivered. Mona Lemings further stated that mail should be addressed to them at the club address to insure they received notices.

Deputy Director Qualset stated that Section 2020 of Title 11 of the California Code of Regulations requires applicants to maintain current address of record with the Division of Gambling Control and requested that the Lemings send notice to the Division of Gambling Control indicating which address future correspondence is to be sent.

Commissioner Smith requested that the Lemings indicate the specific name and address to which notices should be sent. In response to Commissioner Smith's request, the Lemings indicated that notices should be addressed to either of them at the Pastime Club address.

The Commission granted the Lemings request for an evidentiary hearing.

6. Proposed Commission Meeting Schedule.

Deputy Director Qualset presented to the Commission for discussion the proposed Commission meeting schedule for the last six months of the 2002 calendar year. A copy of the proposed Commission meeting schedule for the last six months of the 2002 calendar year has been incorporated into these minutes as Attachment A.

PUBLIC COMMENT

None.

CONSENT CALENDAR ITEMS

None.

CLOSED SESSION

Commissioner Smith announced that the Commission would not be going into closed session after Commission Counsel stated that there were no items for discussion.

Commissioner Sasaki moved to adjourn the meeting. Commissioner Palmer seconded the motion, which was adopted unanimously; the meeting was adjourned at 3:15 p.m.