

CALIFORNIA GAMBLING CONTROL COMMISSION
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2399 Gateway Oaks Drive, Suite 100
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July 17, 2002, 10:00 a.m.

MINUTES OF JULY 17, 2002 COMMISSION MEETING

OPEN SESSION

Chairman Hensley called the meeting of July 17, 2002, to order at 10:08 a.m. with Chairman Hensley and Commissioners Smith, Sasaki, and Palmer present.

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

The Pledge of Allegiance was recited.

Commissioner Palmer moved to approve the June 28, 2002, Commission Meeting Minutes. Commissioner Smith seconded the motion, which was unanimously adopted. Commissioner Sasaki moved to approve the July 2, 2002, Commission Meeting Minutes. Commissioner Smith seconded the motion, which was unanimously adopted.

DECISION ITEMS

1. Applications for Work Permit:
 - a. Sonoma Joes:
Briseno, David

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommended approval of the application for a work permit for David Briseno. Commissioner Smith moved to approve the application for a work permit for David Briseno. Commissioner Sasaki seconded the motion, which was unanimously adopted.

2. Applications for Key Employee License:
 - a. California Commerce Casino:
Harris, Jeffrey
 - b. California Grand Casino:
Evans, Evan
 - c. Lucky Derby Casino:
Sadauskas, Donald
Shane, Donald
 - d. Phoenix Lounge Casino:
Lu, Ngo
 - e. Sonoma Joes:
Quinn, Francis

Deputy Director Qualset recommended that the Commission consider everything listed in Item 2 with one motion. Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the applications for a key employee license for Jeffrey Harris, Evan Evans, Donald Sadauskas, Donald Shane, Ngo Lu, and Francis Quinn. Commissioner Sasaki moved to approve the applications for a key employee license for Jeffrey Harris, Evan Evans, Donald Sadauskas, Donald Shane, Ngo Lu, and Francis Quinn. Commissioner Palmer seconded the motion, which was unanimously adopted.

3. Application for State Gambling License:
 - a. Poker Flats Casino: Terry Vargas, Sole Proprietor

Deputy Director Qualset indicated since the background investigation on Terry Vargas was still pending, the Division of Gambling Control recommends approval of a temporary license. Deputy Director Qualset further indicated that Commission staff recommends a temporary seven-month approval through February 28, 2003, with the two following conditions: that Terry Vargas successfully pass the Division of Gambling Control's background investigation; and that she obtain a local license from the City of Merced. Commissioner Sasaki moved to approve a seven-month temporary state gambling license, as indicated by Deputy Director Qualset, for Poker Flats Casino, Terry Vargas, sole proprietor. Commissioner Smith seconded the motion, which was unanimously adopted.

4. Applications for Renewal of State Gambling License:
 - a. Artichoke Joe's: Artichoke Joe's Inc., A California Corporation
 - b. Blacksheep Casino Company: Noel Paulson, Sole Proprietor.
 - c. Busted Flush: Frank Fox, Sole Proprietor.
 - d. Johnny B's: Johnny Boscia, Sole Proprietor.
 - e. Lucky Derby Casino: Point-Walker Inc., A California Corporation.
 - f. Phoenix Lounge Casino: Jack Cunningham & Lee Star, Inc., A California Corporation.
 - g. Silver Fox: The Silver Fox Inc., A California Corporation.

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of a state gambling license for Item 4a, Artichoke Joe's. Commissioner Palmer moved to approve the application for renewal of a state gambling license for Item 4a, Artichoke Joe's. Commissioner Sasaki seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that Commission staff has received a recommendation for approval of the application for a state gambling license for Item 4b, Blacksheep Casino Company from the Division of Gambling Control. Deputy Director Qualset further indicated that Commission staff recommends a temporary four-month approval of the state gambling license, through November 30, 2002, pending receipt of complete information on facts pertaining to a recent citation and court proceedings resulting from a gambling related Penal Code violation. Commissioner Palmer moved to adopt a temporary four-month approval of the application for a state gambling license for Item 4b, Blacksheep Casino Company. Chairman Hensley seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that the Division of Gambling Control was unable to forward a recommendation concerning Item 4c, Busted Flush, to the Commission due to the gaming establishments failure to submit a complete application. Deputy Director Qualset further indicated that Commission staff recommend that the Commission take no action on the application for renewal of a state gambling license and that staff forward a notice to the owner Frank Fox indicating that unless the required information is received by the Division of Gambling Control within 30 days the state gambling license will be surrendered under the provisions set forth in the statute. Chairman Hensley indicated that Commission staff had the authority to carryout this action without a Commission decision; accordingly, no action was taken.

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of a state gambling license for Item 4d, Johnny B's. Commissioner Palmer moved to

approve the application for renewal of a state gambling license for Item 4d, Johnny B's. Commissioner Smith 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 renewal of a state gambling license for Item 4e, Lucky Derby Casino. Commissioner Smith moved to approve the application for renewal of a state gambling license for Item 4e, Lucky Derby Casino. Commissioner Sasaki seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that the background investigation was still pending with the Division of Gambling Control because of a change of ownership for Item 4f, Phoenix Lounge Casino. Deputy Director Qualset further indicated that Commission staff recommends a temporary six-month approval through January 31, 2003, on the application for renewal of a state gambling license for Item 4f, Phoenix Lounge Casino. Commissioner Smith moved to approve a temporary six-month approval through January 31, 2003, on the application for renewal of a state gambling license for Item 4f, Phoenix Lounge. Commissioner Sasaki 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 a state gambling license for Item 4g, Silver Fox. Commissioner Sasaki moved to approve the application for a state gambling license for Item 4g, Silver Fox. Commissioner Smith seconded the motion, which was unanimously adopted.

5. Proposed Uniform Tribal Gaming Regulation CGCC-3. Minimum Standards for Gaming Devices.

Chief Counsel Peter Melnicoe presented to the Commission for its consideration the proposed Uniform Tribal Gaming Regulation CGCC-3, Minimum Standards for Gaming Devices.

Robert Camarene, Tule River Tribal Gaming Commission, and Sharron House, Tribal Attorney, presented to the Commission proposed changes to the language of the Uniform Tribal Gaming Regulation CGCC-3, Minimum Standards for Gaming Devices.

The Commission recessed at 10:49 a.m.

The Commission reconvened at 10:54 a.m., with Chairman Hensley and Commissioners Palmer, Sasaki and Smith present.

Chief Counsel Melnicoe presented to the Commission for its consideration proposed revisions to Uniform Tribal Gaming Regulation CGCC-3. Commissioner Sasaki moved to approve the proposed Uniform Tribal Gaming Regulation CGCC-3 with revisions, for transmission to the Association of Tribal and State Gaming Regulators. Commissioner Palmer seconded the motion, which was unanimously adopted. A copy of Uniform Tribal Gaming Regulation CGCC-3 adopted by the Commission is incorporated into the minutes as Attachment A.

6. Proposed Amendments to Proposed Uniform Tribal Gaming Regulation CGCC-5. Exclusion list.

Chief Counsel Melnicoe presented to the Commission for its consideration a proposed revision to the Uniform Tribal Gaming Regulation CGCC-5, Exclusion list, previously adopted by the Commission.

Commissioner Smith moved to approve the proposed Uniform Tribal Gaming Regulation CGCC-5 with revisions, for transmission to the Association of Tribal and State Gaming Regulators. Commissioner Palmer seconded the motion, which was unanimously adopted. A copy of Uniform Tribal Gaming Regulation CGCC-5 adopted by the Commission is incorporated into the minutes as Attachment B.

7. Approval of Proposed Uniform Tribal Gaming Regulations CGCC-4 (Reports Concerning Violations or Noncompliance), CGCC-6 (Surveillance Equipment Tampering), and CGCC-7 (Emergency/Evacuation Plans) for transmittal to the Association of Tribal and State Gaming Regulators.

Chief Counsel Melnicoe requested the Commission to approve proposed Uniform Tribal Gaming Regulations CGCC-4, Reports Concerning Violations or Noncompliance; CGCC-6, Surveillance Equipment Tampering; and CGCC-7, Emergency/Evacuation Plans, for transmittal to the Association of Tribal and State Gaming Regulators.

Commissioner Smith moved to approve the Uniform Tribal Gaming Regulations CGCC-4, CGCC-6, and CGCC-7, for transmittal to the Association of Tribal and State Gaming Regulators. Chairman Hensley seconded the motion, which was unanimously adopted. A copy of Uniform Tribal Gaming Regulations CGCC-4, CGCC-6, and CGCC-7 adopted by the Commission is incorporated into the minutes as Attachment C.

8. Final Adoption of Uniform Tribal Gaming Regulations CGCC-1 and CGCC-2.

Chief Counsel Melnicoe presented to the Commission for final adoption Uniform Tribal Gaming Regulations CGCC-1 and CGCC-2.

Anthony Miranda, Pechanga Band of Mission Indians, requested that the record show that adoption of CGCC-1 and CGCC-2 does not imply that criminal activity has occurred with regards to any previous financing of tribal casinos.

Commissioner Sasaki, pursuant to Compact section 8.4.1, subsection (c), moved (1) to approve final adoption of regulations CGCC-1 and CGCC-2, as previously proposed by the Commission and approved by the Association of Tribal and State Gaming Regulators on June 5, 2002, and (2) to adopt a finding that all compacted tribes have been duly noticed in accordance with Compact section 8.4.1, subsection (c), by letters from the Commission dated June 14, 2002, and that the Commission has considered all comments submitted to it pursuant to compact section 8.4.1, subsection (c). Commissioner Smith seconded the motion, which was unanimously adopted.

PUBLIC COMMENT

John Sustaita, Gambling Consultant, presented comments to the Commission regarding legislative developments.

Larry Hatler, Owner, Gold Rush Casino, requested that the Commission, expedite the process for a change of ownership for the Gold Rush Casino, and submitted a written request to the Commission, which is incorporated into the minutes as Attachment D.

Commissioner Smith directed staff to contact the Division of Gambling Control and request all pertinent information relevant to Mr. Hatler's request be forwarded to the Commission expeditiously.

Incorporated into the minutes as Attachment E. are written comments received at the Commission's office for inclusion on the record from Richard Milanovich, Tribal Council Chairman, Agua Caliente Band of Cahuilla Indians.

Incorporated into the minutes as Attachment F. are written comments received at the Commission's office for inclusion on the record from George Forman, Attorney, Forman & Prochaska.

ADJOURNMENT

Commissioner Smith moved to adjourn the meeting. Commissioner Palmer seconded the motion, which was adopted unanimously; the meeting was adjourned at 11:34 a.m.