

CALIFORNIA GAMBLING CONTROL COMMISSION
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1416 Ninth Street-Auditorium
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August 27, 2002, 1:30 a.m.

MINUTES OF AUGUST 27, 2002 COMMISSION MEETING

OPEN SESSION

Chairman Hensley called the meeting of August 27, 2002, to order at 1:47 p.m. with Chairman Hensley and Commissioners Smith, Sasaki and Palmer present.

Staff Participating: Gary Qualset, Deputy Director Licensing and Compliance; Peter Melincoe, Chief Counsel, Legal Division and Herb Bolz, Senior Legal Counsel and Regulations Coordinator, Legal Division.

The Pledge of Allegiance was recited.

Commissioner Palmer moved to approve the August 6, 2002, Commission Meeting Minutes. Commissioner Smith seconded the motion, which was unanimously adopted.

DECISION ITEMS

1. Applications for Work Permit:
 - a. Central Coast Casino:
Bella, Reynaldo
Wishon, Joseph
 - b. Empire Sportsmen's Association:
Li, Yun T.

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the applications for work permits for Reynaldo Bella, Joseph Wishon, and Yun Li. Commissioner Sasaki moved to approve the applications for work permits for Reynaldo Bella, Joseph Wishon, and Yun Li. Commissioner Smith seconded the motion, which was unanimously adopted.

2. Applications for Key Employee License:

- a. California Commerce Casino:
Desimone, Ross
- b. California Grand Casino:
Morris, Michael
Smolin, Arkady
Santos, Mario
Breeze, Oscar
Zamperini, David
- c. Cameo Club:
Pek, Savonn
- d. Lucky Derby Casino:
Martz, Daniel

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 Ross Desimone, Michael Morris, Arkady Smolin, Mario Santos, Oscar Breeze, David Zamperini, Savonn Pek, and Daniel Martz. Commissioner Palmer moved to approve the applications for a key employee license for Ross Desimone, Michael Morris, Arkady Smolin, Mario Santos, Oscar Breeze, David Zamperini, Savonn Pek, and Daniel Martz. Commissioner Sasaki seconded the motion, which was unanimously adopted.

3. Request to Operate Additional Authorized Table:

- a. Rooney's Cardroom: Walter Yee, Sole Proprietor (1 table).

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the request to operate an additional authorized table for Item 3a, Rooney's Cardroom. Commissioner Smith moved to approve the request to operate an additional authorized table for Item 3a, Rooney's Cardroom. Commissioner Palmer seconded the motion, which was unanimously adopted.

4. Applications for Renewal of State Gambling License:

- a. El Resbalon: Marcos Cabrera, Sole Proprietor.
- b. Garlic City Club: GCC Holdings Inc., A California Corporation.
- c. Los Gatitos Café: Marciano Padilla, Sole Proprietor.
- d. Livermore Casino: Sidney Ahn, Sole Proprietor.
- e. Mortimer's Cardroom: Edward Williamson & Ok Heui Hanna, General Partnership.
- f. Player's Poker Club: Monica Donohoo, Sole Proprietor.
- g. Rooney's Cardroom: Walter Yee, Sole Proprietor.
- h. St. Charles Place: James Roos, Sole Proprietor.

Deputy Director Qualset indicated that the Division of Gambling Control's recommendation is still pending for Item 4a, El Resbalon. Deputy Director

Qualset further indicated that Commission staff recommend a temporary three-month approval on the application for renewal of a state gambling license for Item 4a, El Resbalon, to allow the gambling establishment to continue operating pending completion of the Division of Gambling Control's background investigation and final recommendation.

Commissioner Smith directed staff to forward to the Division of Gambling Control a clear and strongly worded letter stating that their delay in providing a final recommendation to the Commission for action causes concern with both the Commission and the local community.

Commissioner Smith moved to approve a temporary three-month renewal of the state gambling license for Item 4a, El Resbalon. Commissioner Palmer seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that both the Division and Commission staff recommend approval of the application for renewal of a state gambling license for Item 4b, Garlic City Club. Commissioner Smith moved to approve the application for renewal of a state gambling license for Item 4b, Garlic City Club. Commissioner Sasaki seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that the Division of Gambling Control is unable to provide the Commission with a final recommendation for action on the application for renewal of the state gambling license for Item 4c, Los Gatitos Café because the gambling establishment has not renewed the local license. Deputy Director Qualset further indicated that Commission staff recommends a temporary three-month approval with the condition that the gambling establishment obtain and provide proof to the Commission and the Division of Gambling Control of receipt of the local license. Commissioner Palmer moved to approve the staff recommendation. 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 4d, Livermore Casino. Commissioner Palmer moved to approve the application for renewal of a state gambling license for Item 4d, Livermore Casino. Commissioner Smith seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that Commission staff has received a recommendation for approval of the application for renewal of the state gambling license for Item 4e, Mortimer's Cardroom from the Division of Gambling Control. Deputy Director Qualset further indicated that Commission staff has requested additional information from the Division of Gambling Control and pending receipt of that information is recommending approval of a temporary 5-month renewal of the state gambling license for Item 4e, Mortimer's Cardroom. Commissioner

Sasaki moved to approve the staff recommendation. Commissioner Smith seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that Item 4f, Player's Poker Club was previously approved for a temporary renewal of the state gambling license pending the outcome of a civil action and that the court ruling was received by the Division of Gambling Control and has been forwarded for a legal opinion. Deputy Director Qualset further indicated that Commission staff recommends approval of a six-month temporary renewal of the state gambling license pending completion of the legal opinion and receipt of additional information from the Division of Gambling Control.

Bill Kracht, General Manager, Player's Poker Club, commented on the amount of time the Division of Gambling Control has delayed thus far in providing a final recommendation on the application for renewal of a state gambling license for Commission action.

Chairman Hensley directed Commission staff to contact the Division of Gambling Control to ascertain the status of the pending final recommendation and all relevant information, and to provide to Mr. Kracht the Division of Gambling Control's response to this inquiry by Friday, August 30, 2002.

Commissioner Smith moved to approve a six-month temporary renewal of the state gambling license for Item 4f, Player's Poker Club. 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 renewal of the state gambling license for Item 4g, Rooney's Cardroom. Commissioner Palmer moved to approve the application for renewal of the state gambling license for Item 4g, Rooney's Cardroom. 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 renewal of the state gambling license for Item 4h, St. Charles Place. Commissioner Smith moved to approve the application for renewal of the state gambling license for Item 4h, St. Charles Place. Commissioner Palmer seconded the motion, which was unanimously adopted.

5. Emergency Regulations – Registration of Manufacturers and Distributors of Gambling Equipment, Business and Profession Code section 19834A(r).

Senior Legal Counsel and Regulation Coordinator Herb Bolz presented to the Commission for its consideration the Proposed Emergency Regulations: Registration of Manufacturer and Distributors of Gambling Equipment, Business and Professions Code section 19834A(r).

John Sustaita, Gambling Consultant, presented comments to the Commission in support of the proposed regulations.

Kathryn Clenney, Commissioner, Barona Gaming Commission, provided comments on the proposed regulations.

Andrew Miranda, Pechanga Gaming Commission, presented comments to the Commission in opposition of the proposed regulations.

Michelle LaBeau, Attorney, Holland & Knight, presented comments concerning the proposed regulations.

Anthony Miranda, Pechanga Indian Gaming Commission and Pechanga Development Corporation, commented to the Commission that Pechanga opposes the proposed regulations on the grounds that they believe the proposed regulations should be presented to the Tribal State Gaming Association for further discussion.

Scott Gessford, Colusa Indian Gaming Commission, commented that Colusa Indian Gaming Commission supports the comments made by Anthony Miranda, Pechanga Indian Gaming Commission.

John Sustaita, Gambling Consultant, presented further comments to the Commission in support of the proposed regulations.

Chairman Hensley moved to have Item 5 continued to the next Commission Meeting. Commissioner Smith seconded the motion, which was unanimously adopted.

A copy of the Proposed Emergency Regulations – Registration of Manufacturers and Distributors of Gambling Equipment, Business and Profession Code section 19834A (r) is incorporated into the minutes as Attachment A.

6. Revenue Sharing Trust Fund Report of Distribution to Non-Compact Tribes.

Deputy Director Qualset presented Item 6 to the Commission for approval of the Revenue Sharing Trust Fund (RSTF) report to the Legislature and distribution of

funds to Non-Compact Tribes. Deputy Director Qualset indicated that staff recommended that the commission (1) approve the RSTF report to the Legislature for a proposed \$15.47 million full distribution of the gaming device license fee payments not subject to refund, including moneys that may have been held in the RSTF reserve, and interest income in the RSTF to the listed tribes that are determined to be eligible in accordance with the Commission's identified methodology for determining a Non-Compact Tribe, and (2) direct staff to implement a process to routinely collect all license fees that are due, and (3) further direct staff to initiate a process to regularly distribute moneys in the RSTF on a quarterly basis.

Anthony Miranda, Pechanga Gaming Commission, presented comments to the Commission concerning the staff recommendation.

Jacob Coin, Executive Director, California Nations Indian Gaming Association, presented comments to the Commission concerning the staff recommendation.

John Sustaita, Gambling Consultant, presented comments to the Commission concerning the staff recommendation.

A copy of the Revenue Sharing Trust Fund Report of Distribution to Non-Compact Tribes is incorporated into these minutes as Attachment B.

Commissioner Sasaki moved to approve the staff recommendation. Commissioner Smith seconded the motion, which was unanimously adopted.

7. Tribal-State Gaming Compact Gaming Device License Draw Staff Report.

Deputy Director Qualset presented Item 7 to the Commission for discussion concerning the Tribal-State Gaming Compact Gaming Device License Draw.

8. Commission Policy and Interpretation of Tribal-State Gaming Compact sections 5.1, 5.2, and 5.3.

Deputy Director Qualset presented Item 8 to the Commission for discussion concerning the Commission Policy and Interpretation of the Tribal-State Gaming Compact sections 5.1, 5.2, and 5.3. This item had previously been discussed at the July 2, 2002, Commission Meeting. Staff are seeking and obtaining additional information.

Paul Kelley, Supervisor, Sonoma County, presented comments to the Commission in support of staff's proposed definition of net win.

Jimmy Gutierrez, Attorney, City of Coachella, presented comments to the Commission in support of staff's proposed definition of net win.

Chuck Doty, Lake County, presented comments to the Commission in support of staff's proposed definition of net win.

Will Baker, Capay Valley Coalition, presented comments to the Commission concerning the impact imposed on local governments and neighboring communities resulting from Indian Gambling Casinos.

Tom Stallard, Supervisor, Yolo County, presented comments to the Commission in support of staff's proposed definition of net win.

Cheryl Schmit, Stand Up For California, presented comments to the Commission in support of staff's proposed definition of net win.

Michelle LaBeau, Attorney, Holland & Knight, presented comments in response to certain comments previously presented by Tom Stallard.

Anthony Miranda, Pechanga Gaming Commission and Pechanga Development Corporation, presented comments in opposition to the staff report concerning Commission Policy and Interpretation of Tribal-State Gaming Compact sections 5.1, 5.2, and 5.3.

Patricia Prochaska, Attorney, Forman & Prochaska, presented comments to the Commission concerning Commission Policy and Interpretation of Tribal-State Gaming Compact sections 5.1, 5.2, and 5.3.

Jacob Coin, Executive Director, California Nations Indian Gaming Association, presented comments to the Commission concerning Commission Policy and Interpretation of Tribal-State Gaming Compact sections 5.1, 5.2, and 5.3.

Patrick Paquette, CPA and a Sonoma County resident, presented comments to the Commission in support of staff's proposed definition of net win and also the impact imposed on local governments and neighboring communities resulting from Indian Gambling Casinos.

David G. Landry, Old Barona Road Association, Wildcat Canyon Conservancy, presented comments to the Commission concerning the impact imposed on local governments and neighboring communities resulting from Indian Gambling Casinos.

Dan Logue, Supervisor, Yuba County, presented comments to the Commission concerning Commission Policy and Interpretation of Tribal-State Gaming Compact sections 5.1, 5.2, and 5.3.

Derick Backus, West Sacramento Quality Urbanization and Development, presented comments to the Commission concerning Commission Policy and Interpretation of Tribal-State Gaming Compact sections 5.1, 5.2, and 5.3e, and expressed concerns relevant to the impact imposed on local governments and neighboring communities resulting from Indian Gambling Casinos.

Trini Campbell, Capay Valley Coalition, presented comments to the Commission concerning the impact imposed on local governments and neighboring communities resulting from Indian Gambling Casinos.

Cathy Suematsu, Capay Valley Coalition, presented comments to the Commission concerning the impact imposed on local governments and neighboring communities resulting from Indian Gambling Casinos.

Connie Lewis, Big Sandy Rancheria, addressed issues raised by the Capay Valley Coalition in opposition of Indian Gambling Casinos.

Incorporated into the minutes as Attachment C are written comments submitted to the Commission from Lynn Valbuena, Chairperson, Tribal Alliance of Sovereign Indian Nations.

Incorporated into the minutes as Attachment D are written comments submitted to the Commission from Lynnel Pollock, Vice-Chair of the Board of Supervisors, Yolo County.

Incorporated into the minutes as Attachment E are written comments submitted to the Commission from Will Baker, Co-Chairman, Capay Valley Coalition.

Incorporated into the minutes as Attachment F are written comments submitted to the Commission from Trini Campbell, Co-Chair, Capay Valley Coalition.

Incorporated into the minutes as Attachment G are written comments submitted to the Commission from Paul Kelley, Supervisor, Sonoma County.

PUBLIC COMMENT

Matt Trask, Capay Valley Coalition, presented comments to the Commission concerning the impact imposed on local governments and neighboring communities resulting from Indian Gambling Casinos.

CONSENT CALENDAR ITEMS

None.

CLOSED SESSION

Chairman Hensley announced that the Commission would be going into closed session. At 4:55 p.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 5:25 p.m. and indicated there were no announcements from the closed session. Chairman Hensley moved to adjourn the meeting. Commissioner Sasaki seconded the motion, which was adopted unanimously; the meeting was adjourned at 5:27 p.m.