

CALIFORNIA GAMBLING CONTROL COMMISSION
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2399 Gateway Oaks Drive
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November 21, 2002, 1:30 p.m.

MINUTES OF NOVEMBER 21, 2002 COMMISSION MEETING

OPEN SESSION

Chairman Hensley called the meeting of November 21, 2002, to order at 1:41 p.m. with Commissioners Smith, Palmer and Sasaki present.

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

The Pledge of Allegiance was recited.

Commissioner Palmer moved to approve the November 4, 2002, Commission Meeting Minutes. Commissioner Smith seconded the motion, which was unanimously adopted.

DECISION ITEMS

1. Applications for Work Permit:
 - a. Lake Bowl Card Room:
Moore, Misty
 - b. Sonoma Joes:
Graffin, Sally
Morinaga, Gary
Pyatt, Julie
Walters, Kenneth

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the applications for a work permit for Misty Moore, Sally Graffin, Gary Morinaga, Julie Pyatt, and Kenneth Walters. Commissioner Sasaki moved to approve the applications for a work permit for Misty Moore, Sally Graffin, Gary Morinaga, Julie Pyatt, and Kenneth

Walters. Commissioner Smith seconded the motion, which was unanimously adopted.

2. Applications for Key Employee License:

- a. Normandie Club:
Jimenez, Guadalupe
McIntyre, John

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 Guadalupe Jimenez and John McIntyre. Commissioner Smith moved to approve the applications for a key employee license for Guadalupe Jimenez and John McIntyre. Commissioner Sasaki seconded the motion, which was unanimously adopted.

3. Application for State Gambling License:

- a. The New Esquire: Tommie Wayne Buck, Inc. A California Corporation.

Deputy Director Qualset indicated that at the request of the New Esquire Item 3 was being tabled.

4. Applications for Renewal of State Gambling License:

- a. Black Sheep Casino: Noel A. Paulson, Jr., Sole Proprietor.
b. Brooks Oceana Card Room: Barbara Brooks, Sole Proprietor.
c. Cap's Saloon: Cap's Enterprises, Inc., A California Corporation.
d. Ceasar's Club: Jose A. Cahue, Sole Proprietor.
e. Delta Club Card Room: Tony Lee and Michael Lee, A General Partnership.
f. Diamond Sports Bar and Grill: David Chanduloy, Sole Proprietor.
g. El Resbalon: Marcos Cabrera, Sole Proprietor.
h. Los Gatitos Café: Marciano Padilla, Sole Proprietor.
i. Normandie Club: Normandie Club, A General Partnership.
j. Ocean's Eleven Casino: Ocean's Eleven Inc. and North County Gaming Inc., Partnership.
k. Old Cayucos Tavern: Old Cayucos Tavern, Inc., A California Corporation.
l. Poker Junction: Miguel Vigil, Sole Proprietor.
m. Ven-A-Mexico: Juan Louis Carrillo, Sole Proprietor.

Deputy Director Qualset outlined the general timeline of reviewing and approving applications for state gambling licenses. Deputy Director Qualset indicated that staff prepares and provides the Division of Gambling Control with a schedule of upcoming Commission meetings for the following six months which includes a cut-off date that Commission staff request the receipt of the Division of Gambling

Control's recommendation in order for staff to provide a final recommendation to the Commission at its scheduled hearing. Deputy Director Qualset further indicated that a majority of the received application recommendations up for consideration today were received from the Division of Gambling Control after the requested cut-off date, which may be the result of the initial application being filed late, and thus Division staff did not have adequate time to complete a review and to provide the Commission with a final recommendation on the application, or for other reasons beyond the Commissions Control. Therefore, it has become necessary for staff to recommend several temporary approvals in the interim. For this reason staff believes that it is important that the Commission consider developing emergency regulations that would enable the Commission to more efficiently process renewal applications with fines and penalty assessments for late filings of applications.

Deputy Director Qualset indicated that Item 4a Black Sheep Casino was previously approved for a temporary license pending receipt of complete information on facts pertaining to a citation and court proceedings resulting from a gambling related Penal Code violation. Deputy Director Qualset further indicated that the information is still pending and that staff recommends an additional four-month temporary approval. Commissioner Sasaki moved to approve a temporary four-month approval of the application for a state gambling license for Item 4a, Black Sheep Casino. Commissioner Smith seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that the Division of Gambling Control provided its recommendation to the Commission four days after the requested cut-off date. The application for renewal of a state gambling license was submitted 55 days late by the applicant for Brooks Oceana Card Room. Deputy Director Qualset further indicated that the Division of Gambling Control recommends approval of the application and that Commission staff having been able to complete a review on the facts, recommends approval of the application for Item 4b, Brooks Oceana Card Room. Commissioner Smith moved to approve the application for a state gambling license for Item 4b, Brooks Oceana Card Room. Commissioner Palmer seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that although the application for a state gambling license was submitted timely by the applicant for Cap's Saloon, Commission staff received the Division of Gambling Control's recommendation 14 days after the requested cut-off date. Deputy Director Qualset further indicated that Commission staff has requested additional information from the Division of Gambling Control and pending receipt of that information recommends approval of a six-month temporary state gambling license for Item 4c, Cap's Saloon. Commissioner Sasaki moved to approve a temporary six-month state gambling license for Item 4c, Cap's Saloon. Commissioner Smith seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that although the application for a state gambling license was submitted timely by the applicant for Ceasar's Club, Commission staff received the Division of Gambling Control's recommendation 14 days after the requested cut-off date. Deputy Director Qualset further indicated that Commission staff has requested additional information from the Division of Gambling Control and pending receipt of that information recommends approval of a six-month temporary state gambling license for Item 4d, Ceasar's Club. Commissioner Palmer moved to approve a six-month temporary state gambling license for Item 4d, Ceasar's Club. Commissioner Smith seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that although the application for a state gambling license was submitted timely by the applicant for Delta Club Card Room, Commission staff received the Division of Gambling Control's recommendation 18 days after the requested cut-off date and as a result there has not been sufficient time for staff to review the application and recommendation. Therefore, pending a final recommendation upon completion of a review by staff of the application, staff recommends approval of a two-month temporary state gambling license for Item 4e, Delta Club Card Room. Commissioner Sasaki moved to approve a two-month temporary state gambling license for Item 4e, Delta Club Card Room. Commissioner Smith seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that the Division of Gambling Control provided its recommendation to the Commission two days after the requested cut-off date. The application for renewal of a state gambling license was submitted seven days late by the applicant for Diamond Sports Bar and Grill. Deputy Director Qualset further indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for a state gambling license for Item 4f, Diamond Sports Bar and Grill contingent upon receipt of payment in full of the application fees. Commissioner Smith moved to approve the staff recommendation. Commissioner Sasaki seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that, although the application for a state gambling license was submitted timely by the applicant for El Resbalon, Commission staff received the Division of Gambling Control's recommendation 23 days after the requested cut-off date. Deputy Director Qualset further indicated that Commission staff has requested additional information from the Division of Gambling Control and pending receipt of that information recommends a two-month temporary approval of the state gambling license for Item 4g, El Resbalon, contingent upon receipt of payment in full of the application fees. Commissioner Sasaki moved to approve the staff recommendation. Commissioner Smith seconded the motion, which was unanimously approved.

Deputy Director Qualset indicated that Item 4h, Los Gatitos Café was previously approved for a temporary state gambling license to allow additional time for the establishment to obtain a local business license. Deputy Director Qualset further indicated that because Los Gatitos failed to obtain a local business license there would be no action taken by the Commission on item 4h.

Deputy Director Qualset indicated that although the application for a state gambling license was submitted timely by the applicant for Normandie Club, Commission staff received the Division of Gambling Control's recommendation 28 days after the requested cut-off date and as a result staff has not had sufficient time to review the application and recommendation. Therefore, pending a final recommendation upon completion of a review by staff of the application and recommendation, staff recommends approval of a two-month temporary state gambling license for Item 4i, Normandie Club. Commissioner Palmer moved to approve a two-month temporary state gambling license for Item 4i, Normandie Club. Commissioner Smith seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that although the application for a state gambling license was submitted timely by the applicant for Ocean's Eleven, a recommendation has not been submitted by the Division of Gambling Control because their background investigation is still pending. Deputy Director Qualset further indicated that pending receipt of the Division's recommendation a final action cannot be taken by the Commission concerning the application for renewal of a state gambling license for Item 4j, Oceans Eleven. Therefore, staff recommends a temporary three-month approval of the application for a state gambling license for Item 4j, Oceans Eleven. Commissioner Smith moved to approve a temporary three-month approval of the application for a state gambling license for Item 4j, Oceans Eleven. Commissioner Sasaki seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that the application for renewal of a state gambling license for Old Cayucos Tavern was filed 84 days late and the Division of Gambling Control has not had sufficient time to complete the background investigation and has not submitted to the Commission their recommendation on the application. Deputy Director Qualset further indicated that because the Division of Gambling Control's recommendation is pending Commission staff recommends a temporary three-month approval of the application for renewal of a state gambling for Item 4k, Old Cayucos Tavern. Commissioner Sasaki moved to approve a temporary three-month approval of the application for renewal of a state gambling for Item 4k, Old Cayucos Tavern. Commissioner Smith seconded the motion, which was unanimously adopted.

Haig Kelegian, Gaming Policy Advisory Committee, presented comments to the Commission concerning certain local jurisdiction authority to permanently revoke

a gambling establishments business license in the event there existed any lapse of the state license.

Deputy Director Qualset indicated that an application for renewal of a state gambling license was not filed for Item 4l, Poker Junction, and that the Commission received a written notice from the owner advising that the gambling establishment was not currently operation.

The state gambling license will expire by operation of law on November 30, 2002. There was no action taken by the Commission on Item 4l.

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal a state gambling license for Item 4m, Ven-A-Mexico. Commissioner Smith moved to approve the application for renewal a state gambling license for Item 4m, Ven-A-Mexico. Commissioner Sasaki seconded the motion, which was unanimously adopted.

5. Gaming Policy Advisory Committee: Appointment of Members.

Chairman Hensley introduced Gaming Policy Advisory Committee Members Haig Kelegian, Tom Tucker, Leo Y. Chu, Robert Lorsch and George Wiley, who were present at the meeting.

Commissioner Palmer moved to nominate I. Nelson Rose and Andrew Schniederma for appointment to the Gaming Policy Advisory Committee. Commissioner Sasaki seconded the motion, which was unanimously adopted.

6. Amendments to Emergency Regulation Adopted by the Commission on September 25, 2002, Concerning Registration of, and Reporting by, Manufacturers or Distributors of Gambling Equipment (Chapter 4 (commencing with Section 12300), Division 18, Title 4, California Code of Regulations).

Senior Legal Counsel and Regulations Coordinator Herb Bolz presented to the Commission for its consideration the Finding of Emergency and the proposed amendments to the Emergency Regulations previously adopted by the Commission concerning Registration of Manufacturers or Distributors of Gambling Equipment.

Sherry Rodriguez-Howell, LaJolla Gaming Commission, presented comments to the Commission concerning the emergency regulations.

Scott Gessford, Colusa Indian Gaming Commission, presented comments to the Commission concerning the emergency regulations.

John Sustaita, Gambling Consultant, presented comments to the Commission concerning the emergency regulations.

Commissioner Smith moved to approve the Finding of Emergency and the proposed amendments to the Emergency Regulations concerning the Registration of Manufacturers or Distributors of Gambling Equipment. Commissioner Sasaki seconded the motion, which was unanimously adopted. A copy of the Finding of Emergency and the emergency amendments to the emergency registration regulations, as adopted by the Commission, are incorporated into these minutes as Attachment A-1 and A-2, respectively.

7. Staff Report and Discussion of Issues Raised at November 7, 2002, Meeting of the Association of Tribal and State Gaming Regulators.

Chief Counsel Melnicoe presented a staff report concerning the November 7, 2002, meeting of the Association of Tribal and State Gaming Regulators to the Commission for discussion of issues raised at the Association meeting.

Scott Gessford, Colusa Indian Gaming Commission, presented comments to the Commission concerning Uniform Tribal Gaming Regulations.

8. Amendments to Uniform Tribal Gaming Regulation CGCC-4 (Compact Non-Compliance Reports).

Chief Counsel Melnicoe presented to the Commission for its consideration proposed amendments to Uniform Tribal Gaming Regulation CGCC-4. Commissioner Smith moved to approve the proposed amendments to Uniform Tribal Gaming Regulation CGCC-4 for resubmission to the Association of Tribal and State Gaming Regulators. Commissioner Sasaki seconded the motion, which was unanimously adopted. A copy of CGCC-4, as adopted by the Commission, is incorporated into these minutes as Attachment B.

9. Amendments to Uniform Tribal Gaming Regulation CGCC-5 (Ejection Report Database).

Chief Counsel Melnicoe presented to the Commission for its consideration proposed amendments to Uniform Tribal Gaming Regulation CGCC-5. Commissioner Smith moved to approve for resubmission to the Association of Tribal and State Gaming Regulators the amendment to add the word "only" to the text of Uniform Tribal Gaming Regulation CGCC-5. Commissioner Sasaki seconded the motion, which was unanimously adopted. A copy of CGCC-5, as adopted by the Commission, is incorporated into these minutes as Attachment C.

10. Amendments to CGCC-7 (Emergency/Evacuation Plans).

Chief Counsel Melnicoe presented to the Commission for its consideration proposed amendments to Uniform Tribal Gaming Regulation CGCC-7.

Sherry Rodriguez-Howell, LaJolla Indian Gaming Commission, presented comments to the Commission concerning CGCC-7.

Scott Gessford, Colusa Indian Gaming Commission, presented comments to the Commission concerning CGCC-7.

Commissioner Sasaki moved to approve the proposed amendments to Uniform Tribal Gaming Regulation CGCC-7 for resubmission to the Association of Tribal and State Gaming Regulators. Commissioner Smith seconded the motion, which was unanimously adopted. A copy of CGCC-5, as adopted by the Commission, is incorporated into these minutes as Attachment D.

11. Public Input Concerning the Gambling Control Act Rulemaking Calendar for 2003 (Government Code Section 11017.6).

Commissioner Sasaki announced that the Commission is accepting public input of regulation proposals for inclusion in the Gambling Control Act Rulemaking Calendar for 2003, and requested that these comments be submitted to Commission's staff Susie Hernandez, by December 9, 2003. Senior Legal Counsel and Regulations Coordinator Herb Bolz presented an overview explaining the Rulemaking Calendar and provided instructions to the public for submission of regulation proposals.

*12. Finding of Necessity for the Addition of an Item (Item 13) to a Previously Posted Agenda (Government Code Section 11125.3.)

Commissioner Sasaki moved that the Commission find: (1) that there is a need to take immediate action concerning the matter of "Revenue Sharing Trust Fund Report of Distribution to Non-Compact Tribes" due to recent distributions from this fund, and (2) that the need for action came to the attention of the Commission subsequent to the distribution of the agenda as specified in Government Code section 11125. Commissioner Smith seconded the motion, which was unanimously adopted.

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

Deputy Director Qualset presented the Indian Gaming Revenue Sharing Trust Fund (IGRSTF), Report of Distribution to Non-Compact Tribes to the Commission for consideration of the following staff recommendation: The Commission approve the current full quarterly distribution of approximately

\$11.69 million of all gaming devise license fee payments and interest income received by the IGRSTF during the most recent quarter ending September 30, 2002, to the listed Tribes that are determined to be eligible Non-Compact Tribes in accordance with the Commission's identified methodology for determining a Non-Compact Tribe.

Sherry Rodriguez-Howell, LaJolla Indian Gaming Commission, presented comments concerning staff's recommendation on the Revenue Sharing Trust Fund Report of Distribution.

Commissioner Smith moved to approve staff's recommendation on the Revenue Sharing Trust Fund Report of Distribution to Non-Compact Tribes. Commissioner Sasaki seconded the motion, which was unanimously adopted.

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

PUBLIC COMMENT

John Sustaita, Gambling Consultant, requested that the Commission consider having another meeting for the purpose of discussing criteria for drafting regulations concerning third party proposition players.

Scott Gessford, Colusa Indian Gaming Commission, requested information on how to obtain copies of written comments submitted for Commission meeting record.

Incorporated into the minutes as Attachment F are written comments received at the Commission from Norman H. Des Rosiers, Commissioner, Viejas Tribal Government Gaming Commission.

Incorporated into the minutes as Attachment G are written comments received at the Commission from Greg Sarria, Federated Indians of Graton.

CLOSED SESSION

Chairman Hensley announced that the Commission would not be going into closed session after Commission Counsel stated that there would be no discussion on items concerning litigation under Government Code Section 11126(c) and 11126(e).

ADJOURNMENT

Commissioner Sasaki moved to adjourn the meeting. Commissioner Smith seconded the motion, which was adopted unanimously; the meeting was adjourned at 3:50.