

CALIFORNIA GAMBLING CONTROL COMMISSION
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2399 Gateway Oaks Drive
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January 16, 2003, 1:30 p.m.

MINUTES OF JANUARY 16, 2003 COMMISSION MEETING

OPEN SESSION

Chairman Hensley called the meeting of January 16, 2003, to order at 10:05 a.m. with Commissioners Smith and Sasaki present.

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

The Pledge of Allegiance was recited.

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

DECISION ITEMS

1. Applications for Work Permit:
 - a. A's De Espadas:
Castaneda, Raymond
 - b. Empire Sportsmen Association:
Ton, Sambath
 - c. Lake Bowl Casino:
Saechao, Monica
 - d. Napa Valley Casino:
Nash, Juanita
Torno, Dionicio
 - e. Sonoma Joes:
Nouanephoumivanh, Chanheng
Simpton, Joseph
Stead, William (Jok-Erz Wild Casino)

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the applications for a work permit for Items: 1a, Raymond Castaneda, 1b, Sambath Ton, 1c, Monica Saechao, 1d, Juanita Nash and Dionicio Torno, and Item 1e, Chanheng Nouanephoumivanhm, and Joseph Simpton. Commissioner Smith moved to approve the applications for a work permit for Items: 1a, Raymond Castaneda, 1b, Sambath Ton, 1c, Monica Saechao, 1d, Juanita Nash and Dionicio Torno, 1e, Chanheng Nouanephoumivanhm, and Joseph Simpton. Commissioner Sasaki seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that the Division of Gambling Control recommends that the application for a work permit for Item 1e, William Stead, be denied under Business and Professions Code section 19850A(a)(2) and (3) amended to 19859(a), (b) and (c) effective January 1, 2003. Deputy Director Qualset further indicated that Commission staff concurs with the Divisions recommendation and further recommends that the application for a work permit for Item 1e, William Stead be denied under Business and Professions Code section 19912(d) and regulation Section 12105(a)(1) of Title 4 of the California Code of Regulations. Commissioner Smith moved to adopt the recommendation to deny the application for a work permit for Item 1e, William Stead. Commissioner Sasaki seconded the motion, which was unanimously adopted.

2. Applications for Key Employee License:

- a. Artichoke Joe's Casino:
Bachman, Landon
Ng, Kai
- b. Garden City Casino:
Castro, Ronald
- c. Hollywood Park Casino:
Gilmartin, Joann
lino, Steven
McMahan, Virginia
Moulet-Demery, MarieClaire
Tabor, Michael
Tonjes, Joel
- d. S and K Cardroom:
Gastman, William

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommended approval of the applications for a key employee license for Landon Bachman, Kai Ng, Ronald Castrom, Joan Gilmartin, Steven lino, Virginia McMahan, MarieClaire Moulet-Demery, Michael Tabor, Joel Tonjes and William Gastman. Commissioner Sasaki moved to approve the applications for a key employee license for Landon Bachman, Kai Ng, Ronald Castrom, Joan Gilmartin, Steven lino, Virginia McMahan, MarieClaire Moulet-Demery,

Michael Tabor, Joel Tonjes and William Gastman. Commissioner Smith seconded the motion, which was unanimously adopted.

3. Applications for Key Employee License – Request for Withdrawal:
 - a. Crystal Park Casino:
Bowling, Tom
 - b. Hollywood Park Casino:
Bowling, Tom

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval, without prejudice, the request for withdrawal of the applications for key employee licenses for Tom Bowling. Deputy Director Qualset further indicated that the Division of Gambling Control had not begun the background investigation for Tom Bowling and upon approval of the request; the payers, Hollywood Park Casino, will be refunded the \$1,500.00 investigation deposit. Commissioner Sasaki moved to approve, without prejudice, the request for withdrawal of the applications for key employee licenses for Tom Bowling. Commissioner Smith seconded the motion, which was unanimously adopted.

4. Requests for Approval of Sale of Existing Gambling Establishment:
 - a. Gold Rush Gaming Parlor: Susan Barrows, Sole Proprietor.
 - b. Gold Sombrero: Her J. Xiong, Sole Proprietor.

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the request for sale of existing gambling establishment for Item 4a, Gold Rush Gaming Parlor. Chairman Hensley moved to approve the request for sale of existing gambling establishment for Item 4a, Gold Rush Gaming Parlor. Commissioner Sasaki seconded the motion, which was unanimously adopted.

The Commission took no action on Item 4b, Gold Sombrero, which was tabled at the request of staff.

5. Applications for State Gambling License:
 - a. Clovis 500 Club: Louis Sarantos Jr. and George Sarantos, General Partnership.
 - b. Gold Rush Gaming Parlor: Susan Barrows, Sole Proprietor.
 - c. Gold Sombrero: Her J. Xiong, Sole Proprietor.
 - d. Golden West Casino: Kern County Associates, L.P., A Limited Partnership.
Hustler Club: Larry Flynt, Sole Proprietor.

The Commission took no action on Item 5a, Clovis 500 Club, which was tabled at the request of staff.

Deputy Director Qualset indicated that Item 5b, Gold Rush Gaming Parlor, was previously issued a temporary state gambling license pending completion of the background investigation. Deputy Director Qualset further indicated that after review of the completed investigation materials both the Division of Gambling Control and

Commission staff recommend approval of the application for a state gambling license for the Gold Rush Gaming Parlor. The license will be issued for the remaining term of the license, which will expire on September 1, 2003.

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

The Commission took no action on Item 5c, Gold Sombrero, which was tabled at the request of staff.

The Commission took no action on Item 5d, Golden West Casino, which was tabled at the request of staff.

The Commission took no action on Item 5e, Hustler Club, which was tabled at the request of staff.

6. Applications for Renewal of State Gambling License:

- a. Club Caribe Casino: S & S Gaming Inc., A Corporation.
- b. Club San Rafael: Pete's 881 Club Inc., A Corporation.
- c. Delta Club Cardroom: Michael Lee and Tony Lee, General Partnership.
Hsiao Hui Lee and Karen Lee, Community Property Interest.
- d. Lucky Buck Card Club: Dale Common, Sole Proprietor.
- e. Old Cayucos Tavern: Old Cayucos Tavern, Inc., A 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 6a, Club Caribe Casino, contingent upon receipt of the application fees payment in full. Commissioner Sasaki moved to approve the application for renewal of a state gambling license for Item 6a, Club Caribe Casino, contingent upon receipt of the application fees payment in full. Commissioner Smith seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that Item 6b, Club San Rafael, previously issued a temporary license, was being presented to the Commission for consideration of a full approval of the license. Deputy Director Qualset further indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of a state gambling license for Club San Rafael. Chairman Hensley moved to approve application for renewal of a state gambling license for Club San Rafael. Commissioner Smith seconded the motion, which was unanimously adopted.

Deputy Director Qualset indicated that Item 6c, Delta Club Cardroom, previously issued a temporary license, was being presented to the Commission for consideration of a full approval of the license. Deputy Director Qualset further indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of a state gambling license for Delta Club Cardroom. Commissioner Smith moved to approve application for renewal of a state gambling license for Club San Rafael. 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 a state gambling license for Item 6d, Lucky Buck Card Club, contingent upon receipt of the application fees payment in full. **Commissioner Sasaki moved to approve the application for renewal of a state gambling license for Item 6d, Lucky Buck Card Club, contingent upon receipt of the application fees payment in full.** 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 6e, Old Cayucos Tavern. Commissioner Smith moved to approve the application for renewal of a state gambling license for Item 6e, Old Cayucos Tavern. Commissioner Sasaki seconded the motion, which was unanimously adopted.

7. Report on Actions Taken by the Association of Tribal and State Gaming Regulators on CGCC-3, CGCC-4, CGCC-5, CGCC-6, and CGCC-7 at its Meeting of January 8, 2002.

Senior Legal Counsel and Regulations Coordinator Herb Bolz presented to the Commission a staff report concerning Uniform Gaming Regulations CGCC-3, CGCC-4, CGCC-5, CGCC-6 and CGCC-7.

Commission Counsel John Spittler presented a staff report concerning the January 8, 2003, meeting of the Association of Tribal and State Gaming Regulators to the Commission for discussion of issues raised at the Association meeting. A copy of the staff report titled Tribal/State Association Meeting of January 8, 2003, is incorporated into these minutes as Attachment A. A compilation of written comments regarding uniform tribal regulations, submitted to the Commission from eighteen distinct tribes, is incorporated into these minutes as Attachment B.

Sherry Rodriguez-Howell, LaJolla Indian Gaming Commission, testified that she is not opposed to regulation and her sole purpose is to protect patrons and employees. She testified that the Tribe (La Jolla Band of Luiseno Mission Indians) adopted regulations "from day one." She stated that she does not want to foster the idea with the public that her gaming commission is not doing anything to protect the public. She testified further that the gaming commission works with the State, the FBI, and

the National Indian Gaming Commission and that she and her colleagues on the tribal gaming agency are working hard to make sure they do the right things to protect their economic development and to protect the members of the Tribe from anything going bad. She stated that the State has the right to come in and check each one of their regulations.

Michele LeBeau, Holland & Knight, testified that gaming tribes believe that there has been no showing by the Commission of the necessity for uniform regulations under the Compacts due to the tribes' operation under ordinances approved by the National Indian Gaming Commission, as well as a lack of any showing that there are inconsistencies among the existing tribal gaming regulations. She further testified that the burden is on the Commission to demonstrate that inconsistency exists before trying to fill gaps.

Darrell Vera, Gaming Commissioner, Tule River Indian Reservation, testified that he agreed with Ms. LeBeau's statements and stated that the Commission, **before adopting regulations, should come out to the tribal casinos and check compliance like the Department of Justice special agents have done.** He stated that the Department's special agents have given them a "clean slate, saying we were **compliant** and one of the things they did say is that there is not that much communication between the Department of Justice and the California Gambling Control Commission." He further testified that the tribe knows how important it is to regulate gaming and that there is public confusion concerning tribal gaming regulation.

8. Emergency Regulations Concerning Registration of Manufacturers or Distributors of Gambling Equipment (Title 4, California Code of Regulations, Sections 12300-12310).

Senior Legal Counsel and Regulations Coordinator Herb Bolz presented to the Commission for its consideration proposed amendments to Emergency Regulations concerning Registration of Manufacturers or Distributors of Gambling Equipment. Chairman Hensley moved to approve the proposed amendments to the Emergency Regulations. Commissioner Smith seconded the motion, which was unanimously adopted. The Emergency Regulations, as adopted by the Commission are incorporated into these minutes as Attachment C.

9. Delegation of Authority Concerning Readoption of Emergency Regulations.

Senior Legal Counsel and Regulations Coordinator Herb Bolz presented to the Commission for its consideration the Delegation of Authority Concerning Readoption of Emergency Regulations. Commissioner Smith moved to approve the Delegation of Authority. Commissioner Sasaki seconded the motion, which was unanimously adopted. A copy of the Resolution Concerning Delegation of Authority: Readoption of Emergency Regulations is incorporated into these minutes as Attachment D.

CONSENT CALENDAR ITEMS

None.

PUBLIC COMMENT

Chairman Hensley announced that Commissioner Sasaki would be coordinating efforts to conduct meetings at various undetermined locations with the **non-compact** tribes in California to discuss issues and answer questions concerning the Revenue Sharing Trust Fund.

CLOSED SESSION

Chairman Hensley announced that there would be no closed session after Commission Counsel stated there would be no discussion on items concerning litigation under Government Code Section 11126(c) and 11126 (e).

ADJOURNMENT

Commissioner Smith moved to adjourn the meeting. Commissioner Sasaki seconded the motion, which was unanimously adopted; the meeting was adjourned at 11:17 a.m.