

California Gambling Control Commission
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Wednesday, July 9, 2003

MINUTES OF JULY 9, 2003 COMMISSION MEETING

OPEN SESSION

Acting Chairman Smith called the meeting of July 9, 2003, to order at 1:35 p.m. with Commissioners Palmer and Sasaki present.

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

Upon motion of Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Commissioners Palmer, Sasaki and Smith voting yes, the Commission approved the June 4, 2003, Commission Meeting Minutes.

Acting Chairman Smith announced that Commission action to approve the June 25, 2003, Commission meeting minutes would be continued.

DECISION ITEMS

1. Applications for Key Employee License – Request for Withdrawal:
 - a. Crystal Park Casino:
 - Jayyusi, Jay
 - b. Garden City Casino:
 - Cuevas, Juan
 - Ha, Hung
 - Hoang, Paul
 - Jesus, Marcos
 - Nguyen, Eric
 - Yip, Wai

of the applications for a work permit for Item 1a, Jay Jayyusi and 1b, Juan Cuevas, Hung Ha, Paul Hoang, Marcos Jesus, Eric Nguyen and Wai Yip. Deputy Director Qualset further indicated that, upon approval of the requests for withdrawal, payers of the applications fees would be refunded any applicable remaining fees. Upon motion of Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Acting Chairman Smith and Commissioners Palmer and Sasaki voting yes, the Commission approved, without prejudice, the requests for withdrawal of the applications for a work permit for Item 1a, Jay Jayyusi and 1b, Juan Cuevas, Hung Ha, Paul Hoang, Marcos Jesus, Eric Nguyen and Wai Yip.

2. Applications for Key Employee License:

- a. Bay 101:
 - Seiff, Stanley
 - Schablaske, Joseph
- b. Bicycle Casino:
 - Esmaili, Zaven
 - Fuentes, Cynthia
- c. California Commerce Casino:
 - Griffo, James
- d. Casino Real:
 - Williams, Dennis
- e. Club Caribe:
 - Hsueh, Shen-Pen
- f. Crystal Park Casino:
 - Edwards, Tracy
 - Wattananukij, Prathueng
- g. Hollywood Park Casino:
 - Gomez, Andres
 - Heinemann, James
 - Lazo, Carlos
- h. Lucky Derby Casino:
 - Hopperstead, Jerome

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 Item 2a, Stanley Sieff and Joseph Schablaske, 2b, Zaven Esmaili and Cynthia Fuentes, 2c, James Griffo, 2d, Dennis Williams, 2e, Shen-Pen Hsueh, 2f, Tracy Edwards and Prathueng Wattananukij, 2g, James Heinemann and Carlos Lazo, and

2h, Jerome Hopperstead. Upon motion of Commissioner Palmer, seconded by Commissioner Sasaki and unanimously carried with Acting Chairman Smith and Commissioners Palmer and Sasaki voting yes, the Commission approved the applications for a key employee license for Item 2a, Stanley Sieff and Joseph Commissioner Meeting Minutes of July 9, 2003

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Schablaske, 2b, Zaven Esmaili and Cynthia Fuentes, 2c, James Griffo, 2d, Dennis Williams, 2e, Shen-Pen Hsueh, 2f, Tracy Edwards and Prathueng Wattananukij, 2g, James Heinemann and Carlos Lazo, and 2h, Jerome Hopperstead.

Item 2g, Andreas Gomez, was tabled at the request of staff.

3. Request for Approval of Certificate of Amendment of Articles of Incorporation:
 - a. Silver Fox: The Silver F., Inc., A Corporation

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission's legal staff have reviewed the Certificate of Amendment of Articles of Incorporation for Item 3a, Silver Fox, and recommend approval for filing with the Secretary of State. Upon motion of Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Acting Chairman Smith and Commissioners Palmer and Sasaki voting yes, the Commission approved the Certificate of Amendment of Articles of Incorporation for filing with the Secretary of State for Item 3a, Silver Fox.

4. Application for State Gambling License:
 - a. Minaiy, Hashem, Bicycle Casino, Limited Partner
 - b. Mark Luciano, Sole Proprietor, Outpost Casino Sports Bar and Restaurant

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 4a, Bicycle Club. Upon motion of Commissioner Palmer, seconded by Commissioner Sasaki and unanimously carried with Acting Chairman Smith and Commissioners Palmer and Sasaki voting yes, the Commission approved the application for a state gambling license for Item 4a, Bicycle Casino.

The Commission took no action on the application for a state gambling license for Item 4b, Outpost Casino Sports Bar and Restaurant, which was tabled.

5. Applications for Renewal of State Gambling License:
 - a. Black Sheep Casino Company: Noel Paulson Jr., Sole Proprietor
 - b. Phoenix Casino and Lounge: Phoenix Casino and Lounge, Inc.,

A

- Corporation
- c. Poker Flats Casino: Terry Vargas, Sole Proprietor
 - d. Silver Fox: The Silver F, Inc., A Corporation

Deputy Director Qualset indicated that the Division of Gambling Control recommends an approval of the application for renewal of a state gambling license for Item 5a, Black Sheep Casino Company. Deputy Director Qualset further indicated that Commission staff also recommends an approval of the application for renewal of the license and a continuation of the condition previously placed on the license as follows:

Licensee is prohibited from permitting unlawful wagering or any other form of illegal gambling on the premises.

Upon motion of Commissioner Palmer, seconded by Commissioner Sasaki and unanimously carried with Acting Chairman Smith and Commissioners Palmer and Sasaki voting yes, the Commission approved renewal of a conditional state gambling license containing the condition recommended by staff for Item 5a, Black Sheep Casino Company.

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 5b, Phoenix Casino and Lounge. Deputy Director Qualset further indicated that the licensee had submitted a request to increase the number of licensed authorized tables from seven to eight. This request was under review by the Division of Gambling Control for compliance with gambling expansion and local ordinance provisions and was not included in staff's recommendation on the license renewal but would be presented for the Commission's consideration at a future date.

Upon motion of Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Acting Chairman Smith and Commissioners Palmer and Sasaki voting yes, the Commission approved the application for renewal of a state gambling license, authorizing seven tables, for Item 5b, Phoenix Casino and Lounge.

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 5c, Poker Flats Casino. Upon motion of Commissioner Palmer, seconded by Commissioner Sasaki and unanimously carried with Acting Chairman Smith and Commissioners Palmer and Sasaki voting yes, the Commission approved the application for renewal of a state gambling license for Item 5c, Poker

Flats Casino.

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 5d, Silver Fox. Upon motion of Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Acting Chairman Smith and Commissioners Palmer and Sasaki voting yes, the Commission approved the application for renewal of a state gambling license for Item 5d, Silver Fox. Commission Meeting Minutes of July 9, 2003

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Smith and Commissioners Palmer and Sasaki voting yes, the Commission approved the application for renewal of a state gambling license for Item 5d, Silver Fox.

6. Tribal-State Gaming Compact Gaming Device License Draw. Tribal-State Gaming Compact Section 4.3.2.2.

Deputy Director Qualset presented the results of the July 2, 2003, preliminary Joint Tribal-State Gaming Compact Device License Draw meeting to the Commission for its consideration and approval of issuing gaming device licenses under Tribal-State Gaming Compact section 4.3.2.2., to the eligible tribes that are to be awarded gaming device license in the current draw. The licenses are to be effective upon issuance on July 10, 2003. Deputy Director Qualset identified the Tribes that were to be awarded licenses as: Blue Lake Rancheria for 150 licenses, Berry Creek Rancheria for 144 licenses, Paskenta Band of Nomelaki Indians for 25 licenses, Shingle Springs Band of Miwok Indians for 341 licenses, and Tuolumne Band of Mewok Indians for 340 licenses. Upon motion of Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Acting Chairman Smith and Commissioners Palmer and Sasaki voting yes, the Commission approved the issuance of gaming device licenses to the Tribes identified by Deputy Director Qualset as successful recipients of licenses to be awarded on July 10, 2003.

A copy of the staff report titled "Explanation of the Draw Process" is incorporated into these minutes as Attachment A.

7. Report on Emergency Regulation Concerning "Development and Implementation of Emergency Preparedness Plans for Gambling Establishments" (Gambling Control Act).

Herb Bolz, Senior Legal Counsel and Regulations Coordinator gave an oral report on the status of the emergency regulation: "Development and Implementation of Emergency Preparedness Plans for Gambling Establishments" under the Gambling Control Act. Mr. Bolz indicated that the emergency regulation had been approved by the Office of Administrative Law, was filed with the Secretary of State and went into effect on June 16, 2003. Commissioner Sasaki indicated that all licensed gambling establishments were sent a notice to inform them of the new regulatory requirements.

with a copy of the regulation included.

8. Regulation Concerning "Accounting Records and Financial Reporting" and "Minimum Internal Control Standards" (Gambling Control Act).

Herb Bolz, Senior Legal Counsel and Regulations Coordinator, gave an oral report on the status of the rulemaking process for regulations: "Accounting Records and Financial Reporting" and "Minimum Internal Control Standards" under the Gambling Commission Meeting Minutes of July 9, 2003 Page 6

Control Act. Mr. Bolz indicated that the 45-day public comment period was initiated and a public hearing has been scheduled for September 10, 2003, for the regulation: "Accounting Records and Financial Reporting." Mr. Bolz further indicated that staff was continuing to meet and consult with staff from the Division of Gambling Control on the development of regulation: "Minimum Internal Control Standards."

9. Report on Regulation Concerning "Third-Party Providers of Proposition Player Services: Interim Registration" (Gambling Control Act).

Herb Bolz, Senior Legal Counsel and Regulations Coordinator, gave an oral report on the status of the rulemaking process for the regulation: "Third-Party Providers of Proposition Player Services: Interim Registration" under the Gambling Control Act.

Commissioner Sasaki commented that Commission staff had been working closely with staff from the Division of Gambling Control in the development of the regulations discussed at today's meeting, and she wanted to express her gratitude to the Division for their efforts in this process.

CONSENT CALENDAR ITEMS

Applications for Tribal-State Compact Key Employee Finding of Suitability:

a. Agua Caliente Band of Cahuilla Indians of the Agua Caliente Reservation –
Agua Caliente Casino:

Adelson, Kathleen	Blosch, Leslie
Chaney, John	Christie, Lynette
Lankas-Mix, Kathleen	Leones, Jocelyn
Moreno, Francisco	Napenas, Robert
Parker, Richard	Peoples, Frances
Pineda, Edrick	Roach, Larry
Senior, Keith	Tovar, Lorena

John Sustaita, Gambling Consultant, commented on proposed regulation: "Accounting Records and Financial Reporting," and inquired about the application process contained in the proposed regulation: "Third-Party Providers of Proposition Player Services: Interim Registration."

Sam Dudkiewiez, Division of Gambling Control, addressed Mr. Sustaita's concerns regarding the application process.

CLOSED SESSION

Commissioner Smith announced that the Commission would be going into closed session. At 2:10 p.m. the Commission adjourned to closed session after Commission Counsel stated that discussions concerning personnel issues and litigation under Government Code sections 11126(a), subsection (1), 11126(e), would take place.

RECONVENE OPEN SESSION

Commissioner Smith reconvened the open session at 3:03 p.m., and indicated that there were no announcements from closed session. Upon a motion to adjourn the meeting by Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Acting Chairman Smith and Commissioners Palmer and Sasaki voting yes, the meeting was adjourned at 3:04 p.m.