

California Gambling Control Commission
2399 GATEWAY OAKS DRIVE, SUITE 100
P.O. Box 526013, SACRAMENTO, CA 95852-6013
(916) 263-0700 FAX (916) 263-0499
www.cgcc.ca.gov

2399 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833
Wednesday, September 10, 2003

MINUTES OF SEPTEMBER 10, 2003 COMMISSION MEETING

OPEN SESSION

Acting Chairman Smith called the meeting of September 10, 2003, to order at 1:35 p.m. with Commissioners Palmer and Sasaki present.

Staff Participating: Cara Podesto, Manager Licensing Section, Peter Melnicoe, Chief Counsel and Herb Bolz, Senior Legal Counsel and Regulations Coordinator, Legal Division.

Commissioner Sasaki's moved to approve the August 25, 2003, Commission meeting minutes. At the request of Commissioner Palmer the matter was tabled until the next Commission meeting.

DECISION ITEMS

1. Applications for Work Permit:
 - a. Central Coast Casino:
Hobbs, Richard
Tsai, Joanne
 - b. Empire Sportsmen Association:
Loi, Hung
Pann, Stephanie
 - c. Gold Sombrero Card Room:
Lo, Michael
Moua, Thong
 - d. Phillipine Gardens:
Valencia, Guillermina
 - e. Poker Flats Casino:
Robinson, Linda

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the applications for a work permit for Items 1a, Richard Hobbs and Joanne Tsai, 1b, Hung Loi and Stephanie Pann, 1c, Michael Lo and Thong Moua, 1d, Guillermina Valencia, and 1e, Linda Robinson. 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 applications for a work permit for Items 1a, Richard Hobbs and Joanne Tsai, 1b, Hung Loi and Stephanie Pann, 1c, Michael Lo and Thong Moua, 1d, Guillermina Valencia, and 1e, Linda Robinson.

2. Staff Report on Work Permit Renewal Program.

Manager Podesto provided an oral report concerning the work permit renewal program. Manager Podesto indicated that the program had been implemented and future work permit applications would be included on the consent calendar for consideration by the Commission.

3. Applications for Renewal of Work Permit:

a. Empire Sportsmen Association:

Alanis, Manuel
Dodd, Susan
Jacobs, Peter
McDaniels, David
Vannavong, Bounthom

b. Gold Sombrero:

Ly, Mao

c. Lake Bowl Card Room:

Dreher, Monica

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the applications for renewal of a work permit for Items 3a, Manuela Alanis, Susan Dodd, Peter Jacobs, David McDaniels and Bounthom Vannavong, 3b, Mao Ly and 3c, Monica Dreher. 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 applications for renewal of a work permit for Items 3a, Manuela Alanis, Susan Dodd, Peter Jacobs, David McDaniels and Bounthom Vannavong, 3b, Mao Ly, and 3c, Monica Dreher.

4. Applications for Key Employee License:

- a. Napa Valley Casino:
Trono, Dionicio
- b. Normandie Club:
Partridge, Gail
- c. Sonoma Joes:
Owen, Michael

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the applications for a key employee license for Items 4a, Dionicio Trono, 4b, Gail Partridge, and 4c, Michael Owen. 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 applications for a key employee license for Items 4a, Dionicio Trono, 4b, Gail Partridge and 4c, Michael Owen.

5. Request for Additional Authorized Table:

- a. Klondike Casino: Leonard Marquez, Sole Proprietor (1table)

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the request to add one additional authorized table to the license for Klondike Casino. Upon motion of Commissioner Palmer, seconded by Acting Chairman Smith and unanimously carried with Acting Chairman Smith and Commissioners Palmer and Sasaki voting yes, the Commission approved the request of Klondike Casino to add one additional table for a total of two tables authorized under the license.

6. Applications for Renewal of State Gambling License:

- a. Aldo's Cardroom: Waldo Esquivel, Sole Proprietor
- b. Cibola Club: Danny Figueroa, Sole Proprietor
- c. Diamond Jim's: Wizard Gaming, Inc., A Corporation
- d. Gold Rush Gaming Parlor: Susan Barrows, Sole Proprietor
- e. Hemphill's Card Room: Billy Long, Sole Proprietor
- f. Kelly's: Albert Cianfichi, Sole Proprietor
- g. Klondike Casino: Leonard Marquez, Sole Proprietor
- h. Palomar Card Club: General Partnership
- i. Phillipine Gardens: Michael Romero, Sole Proprietor

Manager Podesto 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, Aldo's Cardroom. Upon motion of Commissioner Sasaki, seconded by Acting Chairman Smith 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 through September 30, 2004, for Aldo's Cardroom.

Manager Podesto 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 6b, Cibola Club. Upon motion of Commissioner Sasaki, seconded by Acting Chairman Smith 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 through September 30, 2004, for Item 6b, Cibola Club.

Manager Podesto 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 6c, Diamond Jim's. 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 through September 30, 2004, for Item 6c, Diamond Jim's.

Manager Podesto indicated that Item 6d, Gold Rush Casino, previously approved for temporary licensure was being recommend by staff for approval of the application to renew the state gambling licensed for the remaining term of the license through August 31, 2004. 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 the remaining term of the license through August 31, 2004, for Item 6d, Gold Rush Casino.

Manager Podesto 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, Hemphill's Card Room. Upon motion of Commissioner Sasaki, seconded by Acting Chairman Smith 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 through September 30, 2004, for Item 6e, Hemphill's Card Room.

Manager Podesto indicated that Item 6f, Kelly's, was previously issued renewal of a temporary license pending the results of a legal review requested by the Division of Gambling Control. Manager Podesto further indicated that, since the legal review was still pending, staff recommends approval of a conditional license for the remaining term of the license through February 29, 2004, for Item 6f, Kelly's, with the following condition:

Prior approval is required from the Division for any advertisement and/or operation of promotions at the licensed gambling establishment.

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 five-month temporary conditional license, as recommended by staff, for the remaining term of the license through February 29, 2004, for Item 6f, Kelly's.

Manager Podesto 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 6g, Klondike Casino. Upon motion of Commissioner Palmer, seconded by Acting Chairman Smith 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 through September 30, 2004, Item 6g, Klondike Casino.

Manager Podesto 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 6h, Palomar Card Club. 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 through September 30, 2004, Item 6h, Palomar Card Club.

Manager Podesto 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 6i, Phillipine Gardens. Upon motion of Commissioner Sasaki, seconded by Acting Chairman Smith 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 through September

30, 2004, for Item 6i, Phillipine Gardens.

7. Applications for Tribal-State Compact Gaming Resource Supplier Finding of Suitability:
 - a. K.P. Gaming Supplies, Inc., A Corporation
 - b. Sierra Design Group, Inc., A Nevada Corporation

Manager Podesto provided an oral overview of the criteria for a Finding of Suitability of gaming resource suppliers subject to Section 6.4.5 of the Tribal-State Gaming Compacts. Item 7 was tabled at the request of staff. No action was taken.

John Sustaita, Gambling Consultant, commented on vendor classification determinations for suppliers of class II and III gaming devices.

8. Emergency Regulation Concerning "Third Party Providers of Proposition Player Services: Interim Registration: (Gambling Control Act).

Chief Counsel Melnicoe presented Item 8 to the Commission for discussion regarding the staff proposal for an emergency regulation concerning "Third Party Provider of Proposition Player Services: Interim Registration," under the Gambling Control Act. The Chief Counsel provided an oral outline of amendments to the previously proposed emergency regulation draft of July 30, 2003, that were drafted in response to various public comments received at prior Commission meetings and submitted written comments. No action was taken.

John Sustaita, Gambling Consultant, requested that the Commission consider facilitating another workshop for interested parties to provide input on the proposed emergency regulation.

Deborah Dunn, Division of Gambling Control, commented on the Division's concerns regarding promotion funding by Third Party Proposition Player Providers.

Alan Titus, Attorney, commented on the proposed emergency regulation's newly amended definition for Proposition Player Services, and Section 12211.5 concerning proposition play in gambling establishments.

David Fried, California Grand Casino Cardroom, commented on his concerns regarding Section 12211.5, indicated that the language was vague and requested the Commission adopt the proposed emergency regulation with Section 12211.5

excluded.

Deborah Dunn, Division of Gambling Control, commented on Section 12211.5, predominantly the Division's concerns regarding registration compliance issues and the expedited process for contract approval.

David Fried, California Grand Casino Cardroom, commented on the expedited process for contract approval.

David Tierney, NetworkM, asked for clarification of Section 12207. (b)(5), and requested a formal response to comments he submitted to the Commission concerning the proposed emergency regulation.

Alan Titus, Attorney, commented on Section 12215.5, indicating opposition to a mandate that would require gambling establishments to enter into contracts.

Dan Dereg, Fulsom Lake Bowl Cardroom, requested clarification concerning application fees.

A copy of the emergency regulation "Third Party Providers of Proposition Player Services: Interim Registration," as proposed, is incorporated into the minutes as Attachment A.

9. Emergency Regulations Concerning Gambling Equipment Manufacturers or Distributors (Title 4, California Code of Regulations, Sections 12300-12310). Report on Review by the Office of Administrative Law of the Emergency Regulations Adopted by the Commission on August 25, 2003.

Senior Legal Counsel Bolz gave an oral report on the status of emergency regulation: "Gambling Equipment Manufacturers or Distributors," indicating that the emergency regulation was approved by the Office of Administrative Law on September 8, 2003. Mr. Bolz also announced that earlier that day the Commission held public hearings at 10:00 a.m. to make permanent the emergency regulation concerning "Gambling Equipment Manufacturers or Distributors" and at 11:00 a.m. to adopt permanent regulations concerning "Accounting and Financial Reporting (Gambling Control Act)."

CONSENT CALENDAR ITEMS

Joseph, Katrina
Keeley, Steven

Santana, Nelson
Shaba, Samer

Manager Podesto presented to the Commission for its consideration of the applications for Tribal-State Compact Key Employee Finding of Suitability, Consent Calendar Items a, b, c, d, e, f, g and h. 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 Tribal-State Compact Key Employee Finding of Suitability, Consent Calendar Items a, b, c, d, e, f, g, and h.

PUBLIC COMMENT

There was no comment from the public during this portion of the meeting.

CLOSED SESSION

Commissioner Smith announced that the Commission would be going into closed session. At 3:25 p.m. the Commission adjourned to closed session after Commission Counsel stated that discussions concerning personnel issues and pending litigation matters, under Government Code sections 11126(a), subsection (1) and 11126(e), would take place.

ADJOURNMENT

Commissioner Smith reconvened the open session at 4:35 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 4:37 p.m.