

California Gambling Control Commission  
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**MINUTES OF FEBRUARY 26, 2004**  
**COMMISSION MEETING**

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**OPEN SESSION**

Chairman Shelton called the meeting of February 26, 2004, to order at 1:32 p.m. with Commissioners Palmer, Sasaki, and Smith present.

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

Upon motion of Commissioner Palmer, seconded by Commissioner Sasaki and unanimously carried with Commissioners Palmer Sasaki and Smith voting yes, Chairman Shelton abstaining, the Commission adopted the December 18, 2004, Commission meeting minutes.

Upon motion of Commissioner Palmer, seconded by Commissioner Smith and unanimously carried with Commissioners Palmer, Sasaki, and Smith voting yes, Chairman Shelton abstaining, the Commission adopted the February 5, 2004, Commission meeting minutes.

1. Applications for Work Permit:
  - a. Sonoma Joes:  
Romero, Theresa

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for a work permit for Item 1a, Theresa Romero. Upon motion of Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes the Commission approved the application for a work permit for Item 1a, Theresa Romero.

2. Applications for Key Employee License:
  - a. Club Caribe Casino:  
Conley, Ronald
  - b. Empire Sportsmen Association:  
Pek, Savonn
  - c. Hustler Casino:  
Estes, Frank
  - d. Lucky Lady:  
Cotter, David
  - e. Phoenix Casino and Lounge:  
Thao, Yang S.

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 Items 2a, Ronald Conley, 2b, Savonn Pek, 2c, Frank Estes, 2d, David Cotter and 2e, Yang S. Thao. Upon motion of Commissioner Smith, seconded by Commissioner Palmer and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes the Commission approved the applications for a key employee license for Items 2a, Ronald Conley, 2b, Savonn Pek, 2c, Frank Estes, 2d, David Cotter and 2e, Yang S. Thao.

3. Applications for Key Employee License – Request for Withdrawal:
  - a. Casino Club:  
Jones, Rodney
  - b. Golden West Casino:
    - i. Miller, Kenneth
    - ii. Sidoris, George
  - c. Hustler Casino:
    - i. Kaufman, Craig
    - ii. Nakano, Yoshio

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend an approval without prejudice of the requests for withdrawal of the applications for a key employee license for Items 3a, Rodney Jones, 3b, Kenneth Miller and George Sidoris, and 3c, Craig Kaufman and Yoshio Nakano. Deputy Director Qualset further indicated that for background investigations on the applicants that the Division of Gambling Control had not completed, any unearned background investigation deposit paid to the Division of Gambling Control

would be refunded upon approval of the requests for withdrawal. Upon motion of Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes the Commission approved without prejudice the requests for withdrawal of the applications for a key employee license for Items 3a, Rodney Jones, 3b, Kenneth Miller and George Sidoris, and 3c, Craig Kaufman and Yoshio Nakano.

4. Applications for Renewal of State Gambling License:
  - a. Delta Club Cardroom: Michael Lee, Hsiao Hui Lee, Tony Lee and Karen Lee – General Partnership
  - b. Ginny's Club: Virginia Mahoney – Sole Proprietor
  - c. Kelly's: Albert Cianfichi – Sole Proprietor
  - d. Mortimer's Cardroom: Edward Williamson and Ok Heui Hanna – General Partnership
  - e. Ocean's Eleven Casino: Ocean's Eleven Casino, Inc. and North County Gaming, Inc. – Partnership
  - f. Ocean View Cardroom: Veronica Allard – Sole Proprietor

Deputy Director Qualset indicated that Item 4a, Delta Club Cardroom, previously issued a temporary license, was being recommended for approval of another three-month temporary license through May 31, 2004, by both the Division of Gambling Control and Commission staff. Upon motion of Commissioner Palmer, seconded by Commissioner Smith and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes the Commission approved an additional three-month temporary license through May 31, 2004, for Item 4a, Delta Club Cardroom.

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 4b, Ginny's Club. Upon motion of Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes the Commission approved the application for a state gambling license for Item 4b, Ginny's Club.

Deputy Director Qualset indicated that Commission staff recommends an approval of a six-month temporary license through August 31, 2004, for Item 4c, Kelly's. Deputy Director Qualset further indicated that staff recommends inclusion of conditions identical to the conditions placed on the previous temporary license be endorsed on this temporary license as well. Upon motion of Commissioner Palmer, seconded by Commissioner Sasaki, and unanimously carried with Chairman Shelton and

Commissioners Palmer, Sasaki, and Smith voting yes, the Commission approved a six-month temporary license through August 31, 2004, for Item 4c, Kelly's with inclusion of the following conditions:

*Licensee of Kelly's must have prior approval from the Division of Gambling Control of any advertisement and operations of promotions at the licensed gambling establishment.*

Deputy Director Qualset indicated that Commission staff recommends approval of a six-month temporary renewal of the state gambling license, for Item 4d, Mortimer's Cardroom, pending completion of an investigation by Division of Gambling Control. Upon motion of Commissioner Sasaki, seconded by Commissioner Smith and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes, the Commission approved renewal of a temporary six-month state gambling license, through August 31, 2004, for Item 4d, Mortimer's Cardroom.

Deputy Director Qualset indicated that staff recommends that the Commission approve renewal of the state gambling license through November 30, 2004, for Item 4e, Ocean's Eleven Casino, with exception that Richard John Muscio not be endorsed on the license and be subject to the conditions of Business and Professions Code section 19882(b). A motion to adopt the staff recommendation made by Commissioner Smith was seconded by Commissioner Sasaki. In response to a suggestion made by Commissioner Palmer, Commissioner Smith amended his motion to approve renewal of the state gambling license through November 30, 2004, for Item 4e, Ocean's Eleven Casino, with inclusion of the following conditions:

*Pursuant to Business and Profession Code Section 19882(b), John Musico, in his individual capacity or in any representative capacity including trustee of a trust, shall not receive any dividend or interest upon any security issued by the North County Gaming, Inc., such security, and shall not receive any remunerations in any form from the corporation for any purpose.*

*The North County Gaming, Inc., shall establish a trust account in a federally- or state-chartered financial institution, into which shall be deposited any dividend or interest paid upon any security held by or for the benefit of Richard John Muscio as an individual or held in his name in any representative capacity such as trustee of a trust. The moneys in that trust account shall be disbursed to the*

*North County Gaming, Inc., or to such other successor in interest to the Richard John Muscio as shall have received a state gambling license in respect to those securities.*

Commissioner Sasaki seconded the amended motion, which was unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting to adopt the motion.

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 4f, Ocean View Cardroom. Upon motion of Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes, the Commission approved the application for renewal of a state gambling license for Item 4f, Ocean View Cardroom.

5. Approval to Sell Shares of Stock:

- a. River Card Room: River Card Room, Incorporated – Corporation

Deputy Director Qualset indicated that the staff recommends approval of the sell of shares of stock for Item 5a, River Card Room, River Card Room, Incorporated. Upon motion of Commissioner Smith, seconded by Commissioner Sasaki and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes, the Commission approved the request to sell shares of stock for Item 5a, River Card Room, River Card Room, Incorporated.

6. Application for State Gambling License:

- a. Hawaiian Gardens Casino: Hawaiian Gardens Casino, Corporation

Chairman Shelton announced that the Commission would continue Item 6a, Hawaiian Gardens Casino, for consideration at a future meeting to allow additional time for further review of the state gambling license application.

7. Report on Regulations Adopted between January 6, 1999 and November 17, 2003 (Executive Order S-2-03).

Senior Counsel Herb Bolz presented staff's recommendation to approve the staff report, pursuant to Executive Order S-2-03, concerning regulations adopted between January 6, 1999 and November 17, 2003, for submission to the Governor's Office. Commissioner Sasaki's motion to ratify the report was seconded by Commissioner

Smith and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith all voting to adopt the motion. A copy of the report is incorporated into the minutes as Attachment A.

8. Regulation Concerning (1) "Third Party Providers of Proposition Player Services: Interim Registration; Licensing" and (2) "Gambling Businesses: Registration" (Gambling Control Act).

Senior Counsel Bolz gave an oral report on the progress of developing a permanent regulation, under the Gambling Control Act, concerning (1) Third Party Providers of Proposition Player Services: Interim Registration; Licensing, and (2) Gambling Businesses: Registration. Mr. Bolz indicated that staff anticipates releasing a draft of the regulations to the Division of Gambling Control for comments and to the public shortly thereafter.

9. Readoption of Emergency Regulation Concerning (1) "Third Party Providers of Proposition Player Services: Interim Registration" and (2) "Gambling Businesses: Registration" (Gambling Control Act).

Senior Counsel Herb Bolz presented to the Commission the following staff recommendation: (1) that the Commission approve the staff-prepared draft of the emergency re-adoption and amendment; and (2) that the Commission approve the staff-prepared draft of the Finding of Emergency, that is required by the Administrative Procedure Act as part of the adoption process. Two motions made by Commissioner Sasaki and seconded by Commissioner Palmer were: (1) approve the re-adoption amendments of Proposition Player emergency regulations as proposed by staff and instruct staff to make any needed non-substantive changes to the text; and (2) approve the Finding of Emergency as proposed by staff.

Sam Dudkiewicz, Acting Deputy Director, Division of Gambling Control, commented on the proposed re-adoption of the emergency regulations, indicating that the Division recommends extending the time period for the approval of proposition player contracts.

Gary Qualset, Deputy Director, Gambling Control Commission, commented on the proposed re-adoption of the emergency regulations, indicating that the Commission's Licensing Section recommends extending the time period during which badges must be obtained.

Commissioner Sasaki amended her motion to approve the staff-prepared draft of the emergency re-adoption and amendment to the Proposition Player Services emergency regulation and include additional amendments to Section 12201(a) that would replace March 5, 2004 with March 31, 2004 (extending the time when badges must be obtained), and Section 12208(a) that would replace March 5, 2004 with April

30, 2004 (extending the time for approval of proposition player contracts), and instruct staff to make any necessary non-substantive changes to the text. The amended motion, seconded by Commissioner Palmer and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes, was adopted.

The motion previously made by Commissioner Sasaki and seconded by Commissioner Palmer to: approve the Finding of Emergency as proposed by staff, was unanimously carried in the call for a vote with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith all voting to adopt the motion.

The staff-prepared draft of the emergency regulations, as proposed for re-adoption and amendment, and the Finding of Emergency are incorporated into the minutes as Attachment B and Attachment C respectively.

#### **CONSENT CALENDAR ITEMS:**

1. Applications for Renewal of Work Permit:
  - a. Brooks Oceana Cardroom:  
Tarby, James
  - b. Empire Sportsmen Association:  
Nguyen, Luong
  - c. Sonoma Joes:  
Khem, Tot
  
2. 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:

Anderson, Jennifer	Lienert, John
Atterberry, Jesse	McAllen, Venus
Barnett, Roger	McEachern, Katherine
Drummond, Shirley	Medina, Silviano
Garcia, Paul	Mosley Jr., Charles
Hanson, Gregory	Romero, Xochitl
Hawley, Mark	Sevigny, Renee
Henry, Maurice	Silverman, Sunday
Hirschhorn, Darlene	Stephens, Charles
Jackson, Charles	Vizcarra, Cesar
Johns, Randall	Wright, Robert



- j. Rumsey Indian Rancheria of Wintun Indians of California – Cache Creek Casino Resort:  
 Davis, Sean  
 Nguyen, Tuong
  
- k. San Manuel Band of Serrano Mission Indians of the San Manuel Reservation – San Manuel Indian Bingo and Casino:  

Avalos, Ruben	Perales, Antonio
Berns, Jerry	Pham, Ben
Derr, Brian	Rawson, Sim
DiMillo, Todd	Ross Jr., Murdock
Fisher, Yolanda	Rothberger, Rick
Harris, Edward	Rubio, Ralph
Hedrick, Thomas	Sartor, James
Hill, Robert	Schell, Michael
Lomibao, Cyrus	Short-Smith, Stephane
Marshall, Barbara	Simo, Luis
Mastandrea, Ronald	Slaughter, John
McGrath, Patrick	Starcher, James
McKinley, Charles	To, Richard
Miller, Billy	Yang, Warren
Obermeyer, Denise	
  
- l. Smith River Rancheria – Lucky Seven Casino:  
 Delplanche, Neil
  
- m. Soboba Band of Luiseno Indians – Soboba Casino:  

Baeza, Gonzalo	Juarez, Oscar
Beaver, Clara	Kaminski, Rebecca
Davidson, Cynthia	Roberts, Donald Sr.
Evarts, Charles	Valdivia, Maria
Fletcher, Lisa	
  
- n. Sycuan Band of Diegueno Mission Indians of California – Sycuan Casino and Resort:  

David, Gilmore	Richardson, Jarrod
Erickson, Steven	Shamam, Nahil
Mendoza, Balagtas	Tomkins, Mark
Ramis, Edward	Vazquez, Jerome



## **CLOSED SESSION**

Chairman Shelton announced that the Commission would be going into Closed Session. At 2:43 p.m. the Commission adjourned to Closed Session after Commission Counsel stated that discussions concerning personnel issues under Government Code section 11126(a), would take place and that there would be no discussions concerning litigation matters.

## **RECONVENE OPEN SESSION**

Chairman Shelton reconvened the open session at 3:20 p.m., with Commissioners Palmer, Sasaki, and Smith present and indicated that there were no announcements from Closed Session.

1. Future Agenda Items: Commission Discussion.

No discussions took place during this portion of the meeting.

## **ADJOURNMENT**

Upon motion to adjourn the meeting by Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes, the meeting adjourned at 3:23 p.m.