

California Gambling Control Commission  
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State Personnel Board Auditorium  
801 Capitol Mall  
Sacramento, CA 95814  
Thursday, August 19, 2004

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## MINUTES OF AUGUST 19, 2004

### COMMISSION MEETING

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#### OPEN SESSION

Chairman Shelton called the meeting of August 19, 2004, to order at 1:05 p.m., with Commissioners Palmer, Sasaki and Smith present.

Staff Participating: Gary Qualset, Deputy Director, Licensing and Compliance.

#### DECISION ITEMS

1. Application for Gambling License:  
Hawaiian Gardens Casino: Hawaiian Gardens Casino – Corporation

Chairman Shelton indicated that Item 1, Hawaiian Gardens Casino, was previously continued at the January 9, 2004 and December 18, 2003 Commission meetings, and Commissioner Smith's motion to approve the application for a state gambling license for Hawaiian Gardens Casino, made at the December 18, 2003 meeting and seconded by Commissioner Sasaki, was standing.

Chairman Shelton asked Commissioner Smith if he wanted to withdraw his motion. In response, Commissioner Smith indicated that the motion was made for the purpose of opening the meeting for public comment and having heard comments from the public on December 18, 2003 and January 9, 2004, he would withdraw his motion. Commissioner Sasaki withdrew her second to the motion.

Deputy Director Qualset indicated that having reviewed the Division of Gambling Control's recommendation for approval of a state gambling license for Item 1, Hawaiian Gardens Casino, staff recommends that the Commission approve a Conditional State Gambling License for Hawaiian Gardens Casino, Incorporated, and Irving Moskowitz and Cherna Moskowitz as shareholders, to be endorsed on the license for the period of

September 1, 2004 through August 31, 2005, contingent upon the receipt of outstanding annual table fees and with the following conditions:

1. *Licensee shall submit quarterly reports to the Commission and Division of all incidents occurring in the gambling establishment involving any cheating and/or misconduct or any violations of the Gambling Control Act, Local Ordinance and/or internal operating policies and procedures. The reports are to contain a description of the incidents and whether the local jurisdiction was involved and the gambling establishments resolution, if any.*
2. *Licensee shall maintain licensed security guards at all entrances and exits of the gambling establishment during operating hours to ensure the safety of employees and patrons, and that no persons under the age of 21 gain entrance to the establishment.*
3. *Licensee shall engage an independent accountant licensed by the California Board of Accountancy to review the licensee's semi-annual financial statements, as of June 30 of each year, in accordance with standards for accounting and review services or with current applicable professional accounting standards and submit the reviewed financial statements to the Commission within ninety (90) days of June 30 of each year.*

Commissioner Palmer moved to approve the application for a conditional state gambling license for Item 1, Hawaiian Gardens Casino with conditions placed on the license as indicated by Deputy Director Qualset and with additional conditions that the establishment be required to form an independent audit committee of knowledgeable people and an internal auditor for Hawaiian Gardens Casino is to prepare and provide audit reports to the committee on a regular basis.

Chairman Shelton seconded the motion then opened the item for Commissioner discussion and comment.

All members of the Commission and Deputy Director Qualset discussed and clarified that the audit committee would report to the board of directors of the corporation.

Commissioner Sasaki asked Deputy Director Qualset if surveillance would be included in the oversight of the audit committee

Deputy Director Qualset stated that any incidents involving violations of policies and procedures of the gambling establishment would be included in the quarterly reports required to be submitted per the first condition recommended to be placed on the license.

Commissioner Sasaki stated that Mrs. Moskowitz was previously recommended to be endorsed as a community property interest holder and asked if both shareholders would be cross-endorsed as community property interest holders.

Deputy Director Qualset indicated that both Irving and Cherna Moskowitz were being recommended to be endorsed as shareholders and that if a cross community property interest ownership structure exists, and its necessary to bring this back to the Commission for that reason, staff would do so.

Chairman Shelton then opened the item for public comment.

Jane Hunter, Co-Director, Coalition for Justice in Hawaiian Gardens and Jerusalem, commented in opposition to issuance of a state gambling license for Hawaiian Gardens.

Louie Lu, former Hawaiian Gardens employee, commented in opposition to issuance of a state gambling license for Hawaiian Gardens Casino.

Rabbi Haim Beliak, Co-Director, Coalition for Justice in Hawaiian Gardens and Jerusalem, commented in opposition to issuance of a state gambling license for Hawaiian Gardens Casino.

Scott Wildeman, retired Assembly Member and Chairman of the Joint Legislative Audit Committee, commented in opposition to issuance of a state gambling license for Hawaiian Gardens Casino. Mr. Wildeman submitted written comments to the Commission that are incorporated into the minutes as Attachment A and Attachment B.

Heather Szerlag commented in opposition to issuance of a state gambling license for Hawaiian Gardens Casino.

Terry Winant, Interfaith Alliance of Central California, commented in opposition to issuance of a state gambling license for Hawaiian Gardens Casino.

Daniel Greenman, Coalition for Justice in Hawaiian Gardens and Jerusalem,

commented in opposition to issuance of a state gambling license for Hawaiian Gardens Casino.

Marian Danan commented in opposition to issuance of a state gambling license for Hawaiian Gardens Casino.

Bion Gregory, Attorney for Irving Moskowitz, commented in support of permanent licensure for Irving Moskowitz to operate the Hawaiian Gardens Casino.

Leonard Chaidez, Mayor Pro Tem, City of Hawaiian Gardens, commented in support of permanent licensure for Irving Moskowitz to operate the Hawaiian Gardens Casino.

Chairman Shelton commented on Hawaiian Gardens' application for a state gambling license indicating that he felt the Division conducted a thorough investigation and concluded that the accusations presented were unsubstantiated. Chairman Shelton also stated that the additions to the staff recommendation and the diligence of the Division to monitor the establishment for anything going wrong, would be reported, and the matter would be brought back before the Commission and the license revoked should findings warrant such action.

Commissioner Palmer indicated that the Commission does not have investigators and relies on the Division for that purpose, and from reviewing the file it appears the Division has done a thorough job addressing allegations. Commissioner Palmer also stated that he thought the conditions placed on the license would help to address any problems there may be.

Commissioner Sasaki expressed concerns about the establishment being close to an elementary school indicating that conditions placed on the license will help to address restricting minor's access to the gambling establishment.

Commissioner Smith indicated that he was not prepared to make a decision on the application for Hawaiian Gardens because after reviewing the reports he still has concerns and would like to see the matter investigated further.

In the call for a vote the motion made by Commissioner Palmer and seconded by Chairman Shelton carried with Chairman Shelton and Commissioners Palmer and Sasaki voting yes; Commissioner Smith abstained.

**PUBLIC COMMENT:**

There were no comments from the public during this portion of the meeting.

**ADJOURNMENT:**

Upon motion to adjourn the meeting by Commissioner Smith, seconded by Chairman Shelton, and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes, the meeting adjourned at 1:55 p.m.