

California Gambling Control Commission
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Friday, October 29, 2004

MINUTES OF OCTOBER 29, 2004
COMMISSION MEETING

OPEN SESSION

Chairman Shelton called the meeting of October 29, 2004 to order at 10:00 a.m., with Commissioners Palmer, Sasaki and Smith present.

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

DECISION ITEMS

1. Transfer of Ownership:
 - a. Hotel Del Rio and Casino:
Hand Family Trust

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of transfer of ownership for the Hand Family Trust, Hotel Del Rio and Casino. 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 transfer of ownership for the Hand Family Trust, Hotel Del Rio and Casino.

2. Applications for State Gambling License:
 - a. Hotel Del Rio and Casino:
 - i. Hand Family Trust
 - ii. Charlene Hand, Trustee
 - iii. Ralph Hand, Trustee

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 2a, Hotel Del Rio and Casino, Hand Family Trust, Charlene Hand and Ralph Hand,

Trustees. 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 application for a state gambling license for Item 2a, Hotel Del Rio and Casino, Hand Family Trust, Charlene Hand and Ralph Hand, Trustees.

3. Applications for Renewal of State Gambling License:

- a. California Grand: Lamar Wilkinson, Sole Proprietor
- b. Cottage: Mickey Worley, Sole Proprietor
- c. Hustler Casino: Larry Claxton Flynt, Sole Proprietor
- d. S and K Cardroom: Otho M. Smith, Sole Proprietor

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of the state gambling license for Item 3.a., California Grand. Upon motion of Commissioner Sasaki, seconded by Chairman Shelton and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes, the Commission approved application for renewal of the state gambling license for Item 3.a., California Grand.

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of the state gambling license for Item 3.b., Cottage. Upon motion of Chairman Shelton, seconded by Commissioner Palmer and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes, the Commission approved application for renewal of the state gambling license for Item 3.b., Cottage.

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of the state gambling license for Item 3.c., Hustler Casino. Upon motion of Commissioner Smith, seconded by Chairman Shelton and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes, the Commission approved application for renewal of the state gambling license for Item 3.c., Hustler Casino.

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of the state gambling license for Item 3.d., S and K Cardroom. Upon motion of Commissioner Palmere, seconded by Commissioner Sasaki and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes, the Commission approved

application for renewal of the state gambling license for Item 3.d., S and K Cardroom.

4. Final Adoption of Permanent Proposition Player and Gambling Business Regulations (Title 4 California Code of Regulations Sections 12200-12237).

Senior Legal Counsel and Regulations Coordinator Herb Bolz presented the following staff recommendation to the Commission for its consideration of the final adoption of Permanent Proposition Player and Gambling Business Regulations (Title 4 California Code of Regulations Sections 12200-12237):

The Commission adopt the final text of the proposition player/gambling business regulations as reflected in the staff draft dated Oct. 29, 2004 (except that subsections 12200.20(f)(4) and 12220.20(f)(4) are to be deleted) and to direct staff to prepare a revised final text conforming to OAL filing requirements for submission as a permanent regulation.

Upon motion of Commissioner Palmer, seconded by Chairman Shelton and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes, the Commission adopted the staff recommendation as presented by Mr. Bolz. A copy of the Regulations as presented and adopted is incorporated into the minutes as Attachment A.

5. Revenue Sharing Trust Fund Report of Distribution to Non-Compact Tribes.

Deputy Director Qualset presented the following staff recommendation to the Commission for its consideration of the Revenue Sharing Trust Fund Report of Distribution to Non-Compacted Tribes for the quarter ended September 30, 2004:

It is recommended that:

- 1) *the Commission approve distribution of the current full quarterly amount of approximately \$5.90 million of all payments made by tribes and any interest income received by the Indian Gaming Revenue Sharing Trust Fund (IGRSTF) during the most recent quarter ended September 30, 2004, to the listed tribes that are determined to be eligible Non-Compact Tribes in accordance with the Commission's identified methodology for determining a Non-Compact Tribe as shown in Exhibit 1 attached to this report, and any interest accrued for previously approved distributions held in abeyance in IGRSTF but not immediately disbursed, and*
- 2) *approval of distributions shall be made on a conditional basis subject to receipt of any required eligibility certification of the of the maximum*

number of gaming devices during the quarter by each tribe that is required to submit a completed certification form.

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 adopted the staff recommendation as presented by Deputy Director Qualset. A copy the Revenue Sharing Trust Fund Report of Distribution to Non-Compacted Tribes for the quarter ended September 30, 2004, is incorporated into the minutes as Attachment B.

6. Staff Report:

- a. Report on Workshops Concerning the Interpretation of Term “Commercial Operation” as used in the Tribal-State Compact Section 2.6.

Deputy Director Qualset presented an oral report on the six workshops with tribes held in July and August in Redding, Sacramento, San Diego and San Bernardino to discuss and receive input from the tribes concerning “Commercial Operation” as used in the Tribal-State Compact Section 4.3.2.2 (e). Deputy Director Qualset provided an oral outline of comments received from the tribes resulting from the workshops. Deputy Director Qualset indicated that Item 6 was included on the agenda for the purpose of having discussions at a Commission meeting and that staff would be presenting their recommendation to the Commission for discussion at the next scheduled Commission meeting.

Sherry Rodriguez-Mata, La Jolla Gaming Commission, inquired whether Commercial Operation would affect tribes that operated only entitlement machines and had no licensed machines.

Chairman Shelton, in response to comments raised by Mrs. Rodriguez-Mata, indicated that Commercial Operation does not apply to tribes that operate only entitlement devices and have no licensed devices.

Dan Casas, Table Mountain Rancheria, commented on hoarding of licenses, and loss of funds to the Revenue Sharing Trust Fund from non-payment of license fees.

CONSENT CALENDAR ITEMS:

There were no consent calendar items.

PUBLIC COMMENT:

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

CLOSED SESSION:

Chairman Shelton announced that the Commission would not adjourn to closed session since there were no items requiring discussion under Government Code section 11126(e)

1. Commissioner Comments.

There were no comments.

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 10:55 a.m.