

California Gambling Control Commission
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2399 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833
Wednesday, December 1, 2004

MINUTES OF DECEMBER 1, 2004

COMMISSION MEETING

OPEN SESSION

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

Staff Participating: Eugene Balonon, Executive Director, Gary Qualset, Deputy Director, Compliance Division, and John Spittler, Commission Counsel and Acting Deputy Director, Licensing.

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 adopted the August 19, 2004, Commission meeting minutes.

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 adopted the September 28, 2004, Commission meeting minutes.

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 adopted the October 21, 2004, Commission meeting minutes.

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 October 29, 2004, Commission meeting minutes.

DECISION ITEMS

1. Applications for Work Permit:
 - a. Gold Sombrero Casino:
Martin, Antonio

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

2. Applications for Renewal of State Gambling License:
 - a. Casino Club: Ileana Harris, Sole Proprietor
 - b. Garlic City Club: GCC Holdings, Incorporated, Corporation
 - c. Lucky Lady Card Room: Stanley Penn, Sole Proprietor
 - d. Mint: Jim Podergois, Sole Proprietor

Acting Deputy Director Spittler indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of a state gambling license for Casino Club, Item 2.a. 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 the application for renewal of a state gambling license for Casino Club, Item 1.a.

Acting Deputy Director Spittler indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of a state gambling license for Garlic City Club, Item 2.b. 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 approved the of the application for renewal of a state gambling license for Garlic City Club, Item 2.b.

Acting Deputy Director Spittler indicated that both he Division of Gambling Control and Commission staff recommend approval of the application for renewal of a state gambling license for Luck Lady, Item 2.c. Commissioner Smith moved to approve the application for renewal of a state gambling license through January 31, 2006, with the condition that: *licensee must pay the annual table fees pursuant to B&P Code Section 19876(a) and will not operate from January 1, 2006 to January 31, 2006*

unless fees in the amount of \$1,254 are paid no later than January 1, 2006.
Chairman Shelton seconded the motion.

Commissioner Palmer indicated that he would like to have included in the motion a directive to staff to report back to the Commission on the Division of Gambling Control's findings concerning the substantial increase in the gambling establishments gross receipts.

Commissioner Smith amended his motion to include Commissioner Palmer's request, Chairman Shelton, in concurrence, amended his second on the motion. The amended motion unanimously carried in the call for a vote with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes; the Commission approved the application for renewal of a conditional state gambling license and the staff directive requested by Commissioner Palmer, for the Lucky Lady Card Room, Item 2.c.

Acting Deputy Director Spittler indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of a state gambling license for the Mint, Item 2.d. Commissioner Sasaki moved to approval the application for renewal of a state gambling license for the Mint, Item 2.d. Chairman Shelton seconded the motion.

Commissioner Smith urged the Commission to consider approval of a temporary license for the Mint, so that staff may determine and report back to the Commission on the "irregular gaming activities" mentioned in the Division's report.

Commissioner Sasaki amended her motion to approve a four-month temporary renewal of the state gambling license for Mint, Item 2.d. Chairman Shelton amended his second to the motion. The amended motion unanimously carried in the call for a vote with Chairman Shelton, and Commissioners Palmer, Sasaki, and Smith voting yes, the Commission approved a four-month temporary license through March 31, 2005 for the Mint, Item 2.d.

3. Commission Policy and Interpretation of the Term "in commercial operation" as used in Tribal-State Compact Section 4.3.2.2(e).

Executive Director Balonon indicated that at its meeting on November 19, 2004, the Commission was presented with two alternative policies prepared by staff concerning Interpretation of "Commercial Operation" as used in Tribal-State Compact Section 4.3.2.2(e). Executive Director Balonon further indicated that at the November 19, 2004 meeting the Commission continued its consideration on an adopted policy and

requested staff to prepare a third alternative policy to be brought back to the Commission for further consideration. Executive Director Balonon presented to the Commission Alternative Three as follows:

Alternative Three

This alternative would require the placement in commercial operation of any gaming device that has been authorized by a license within twelve months of the date of issuance of the license.

In order to meet the Compact requirement that a gaming device authorized by a license is "in commercial operation", the Tribe must establish each of the following elements:

- a. The gaming device must be operable and available for play to the public;*
- b. The gaming device must be capable of accepting consideration or something of value that permits play; and*
- c. The gaming device must be capable of awarding a prize.*

Executive Director Balonon indicated that staff recommends that, if adopted, Alternative Three be applied retroactively and prospectively to all gaming device licenses issued by the Commission.

Commissioner Palmer moved to adopt Alternative Three, Chairman Shelton seconded the motion.

Commissioner Palmer asked if Alternate Three would be retroactive to the date that the Commission first issued gaming device license or if it would apply retroactively back to the gaming device license issued by the Sides Accountancy Corporation.

Executive Director Balonon, responding to Commissioner Palmer, indicated that Alternative Three would be applied retroactively to the date of the initial license draw conducted by the Commission in September 2002, and would not apply to any gaming device license issued by the Sides Accountancy Corporation.

Commissioner Smith asked if any licenses were returned to the Commission based upon the application of simultaneous operation.

Deputy Director Qualset, in response to Commissioner Smith, indicated that licenses have been cancelled under the terms of the Compacts for two tribes that did not put the licensed devices into commercial operation within the 12-month period and the tribes did not contest cancellations of these licenses. Deputy Director Qualset further indicated that the cancellations of these licenses could be based upon the application of Alternatives One, Two or Three individually.

Commissioner Palmer 's motion to adopt Alternative Three carried in the call for a vote with Chairman Shelton and Commissioners Palmer and Sasaki voting yes; Commissioner Smith voted no. A copy of the November 23, 2004 staff memorandum and the November 17, 2004 staff memorandum concerning "In Commercial Operation" is incorporated into the minutes as Attachment A and Attachment B, respectively.

3. Staff Report:
 - a. Report on Workshops Concerning the Interpretation of the Term "Net Win" as used in the Tribal-State Compact.

Deputy Director Qualset presented an oral report on past meetings and workshops as well as the two workshops with tribes that were held in October 2004, in Sacramento and San Diego concerning "Net Win" as used in the Tribal-State Compacts. Deputy Director Qualset summarized the past meetings and workshops concerning "Net Win," and highlighted comments received from Tribes at these meetings and written comments submitted to the Commission. Deputy Director Qualset outlined staff's goals with regards to Compact section 5 as: (1) finalize a publication to provide the Tribes and public with the Commission's position regarding "Net Win" and allowability of adjustments, (2) conduct audits as necessary, and (3) maintain confidentiality as provided for in the Compacts. Deputy Director Qualset indicated that staff will come back to the Commission with a recommendation to develop forms and corresponding instructions to be used by Tribes to help identify the Commission's position and to assist Tribes in complying with accounting standards. The Commission took no action on Item 3.a.

CONSENT CALENDAR ITEMS:

1. Application for Renewal of Work Permit:
 - a. Empire Sportsmen Association:
Dodd, Susan
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:
 - Bajramovic, Edin
 - Baker, Patricia
 - Capobianco, Ruby
 - Hatzenbuhler, Donald
 - Jiminez, Selia
 - Knutzen, Joel
 - Lenhardt, Judy
 - Muela, Christina
 - Spells, John Jr.
 - Thomas, Aaron
 - Townsend, Deborah
- b. Agua Caliente Band of Cahuilla Indians of the Agua Caliente Reservation – The Spa Hotel and Casino:
 - Perez, Jerry
 - Wrich, Penny
- c. Alturas Indian Rancheria – The Desert Rose Casino:
 - Chrysler, Danielle
 - Hess, Deborah
- d. Barona Group of Capitan Grande Band of Mission Indians of the Barona Reservation – Barona Valley Ranch Resort and Casino:
 - Liggett, Gregory
- e. Blue Lake Rancheria – Blue Lake Casino:
 - Evans, Debra
 - Evans, Paul
 - Thomas, Renee
- f. Cabazon Band of Mission Indians – Fantasy Springs Resort Casino:
 - Bojorquez, Marissa
 - Espinoza, Angelica
 - Jacobson, Rebecca
 - Lockway, Todd
 - Windham, Christopher
- g. Cher-Ae Heights Indian Community of the Trinidad Rancheria – Cher-Ae Heights Casino:
 - Edwards, Lela
 - Murphy, Shannon
- h. Chicken Ranch Rancheria of Me-Wuk Indians of California – Chicken Ranch Bingo and Casino:
 - Smith, Jen
 - Wano, Cindy
- i. Dry Creek Rancheria of Pomo Indians of California – River Rock Casino:
 - Heard, Jamon
- j. Elk Valley Rancheria – Elk Valley Casino:
 - Mattz, De Von
- k. Jackson Rancheria of Me-Wuk Indians of California – Jackson Rancheria Casino, Hotel, and Conference Center:
 - Calvo, Ismael
 - Di Giulio, Victoria
 - Ferreira, Jeannie
- l. La Jolla Band of Luiseno Mission Indians of the La Jolla Reservation – Slot Arcade:
 - Nelson, William II

- m. Morongo Band of Cahuilla Mission Indians of the Morongo Reservation – Casino Morongo:

Brown, Heather	Smith, Jeffery
Burhop, Charlene	Stafford, Cheryl
Frink, Lisa	Thiros, James
Nieto, Kathleen	Vang, Chou
Smith, Delia	
- n. Paiute-Shoshone Indians of the Bishop Community of the Bishop Colony – Paiute Palace Casino:

Montoya, Eric
- o. Pala Band of Luiseno Mission Indians of the Pala Reservation – Pala Casino Resort Spa:

Bautista, Paul	Le, Think
Beason, Constance	Leidenheimer, Robert
Crane, Mary	Moore, Leonard
Deguzman, Leah	Newman, Robert
Franklin, Joseph	O'Bannon, Tara
- p. Paskenta Band of Nomlaki Indians of California – Rolling Hills Casino:

Galford, Charles	Poynor, Gary
Payne, Christopher	
- q. Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation – Pechanga Resort and Casino:

Amir, Jack	Rozanek, Tiffany
Krauss, Robert	Santos, Ariel
Le, An	Shain, Ricky
Logan, Milagros	
- r. Picayune Rancheria of Chukchansi Indians of California – Chukchansi Gold Resort and Casino:

De La Cruz, Anthony	Perez, Bambi
Hunt, David II	Phaphon, Johnny
Morales, Todd	Robinson, Willie
Moua, Naying	Sherman, Norma
Muro, Maria	Wyneken, Katherine
Parker, Genna	Yousef, Wagid
- s. Redding Rancheria – Win-River Casino:

Carroll, Jacqueline
- t. Rincon Band of Luiseno Mission Indians of the Rincon Reservation – Harrah's Rincon Casino and Resort:

Andrews, Mark	Helm, Katherine
Balisi, Teresa	Hoffman, Edwin
Coffman, Michelle	McGee, Charles Jr.

Comment: Pulled From Agenda

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|-----------------|-----------------|
| Connors, Elaine | Olson, Natalie |
| Farkas, Joseph | Pinzon, Kathryn |
| Gervais, Ronald | Prieto, Elias |
| Hart, Jeffrey | Rangel, Richard |
- u. Rumsey Indian Rancheria of Wintun Indians of California – Cache Creek Casino Resort:
- | | |
|---------------|-----------------|
| Hoang, David | Saechao, Stacey |
| Kang, Phillip | Wallace, Steven |
| Liu, Andy | Wong, Sam |
- Rodgers, Nicholas
- v. San Pasqual Band of Diegueno Mission Indians of California – Valley View Casino:
- | | |
|-------------|-----------------|
| Calvo, Saul | Quintana, Erica |
| Dixon, Kari | Rhymes, Mark |
| Lyon, Tita | Smith, Joel |
- w. Santa Ynez Band of Chumash Mission Indians of the Santa Ynez Reservation – Chumash Casino Resort:
- | | |
|------------------|-------------------|
| Angkahan, Jaime | Jose, Christopher |
| Funkhouser, Dawn | Myjak, Linda |
| Greene, Beth | Olinger, Neal Jr. |
| Gregg, Scott | Perez, Enrique |
| Hoosier, Joey | Waldman, Stephen |
- Hurte, Wayne Jr.
- x. Smith River Rancheria – Lucky 7 Casino:
- Hulse, Mary
- y. Soboba Band of Luiseno Indians - Soboba Casino:
- Marengo, Sheri
- Session, Jesse
- z. Susanville Indian Rancheria – Diamond Mountain Casino:
- Ault, Jill
- Padilla, Nicolas
- aa. Sycuan Band of Diegueno Mission Indians of California – Sycuan Casino and Resort:
- | | |
|-------------------|-------------------|
| Chan, Theresa | Ly, Ryan |
| Cunningham, Shaun | Morrison, Jeffrey |
| Keith, Imelda | Morrison, Monica |
- Krantz, Allan
- bb. Twenty-Nine Palms Band of Mission Indians of California – Trump 29 Casino:
- Gross, Susan

- Williamson, Richard
- cc. United Auburn Indian Community of the Auburn Rancheria of California – Thunder Valley Casino:
 - Almazon, Joseph
 - Cabutotan, Rodel
 - Carlton, Christopher
 - Cavazos, Frank
 - Chang, See
 - Chhun, Rotana
 - Dove, Leon
 - Gaela, Dennis
 - Galino, Rogelio
 - Hartman, Nancy
 - Hernandez, Valentin
 - Hughes, Brian
 - dd. Viejas (Baron Long) Group of Capitan Grande Band of Mission Indians of the Viejas Reservation – Viejas Casino:
 - Baker-Yost, Vallie
 - Baldi, Shawn
 - Clemmons-Mesa, Amanda
 - Lui, Joe
 - Madden, Sandy
 - Masangya, Felipe
 - Murtha, Kevin
 - Saechao, Muang
 - Sanderson, Thomas
 - Schaer, Sean
 - Tung, Chamroeun
 - Utush, Leslie
 - Vann, Sony
 - Wilson, Benjamin
 - Fletes, Alicia
 - Tum, Kakda

Comment: Pulled From Agenda

Acting Deputy Director Spittler indicated that Jack Amir, Item 2.q., and See Chang, Item 2.cc., were removed from the Consent Calendar to be continued for further evaluation by staff. Acting Deputy Director Spittler then presented the Consent Calendar to the Commission for its consideration of the applications for (1) renewal of a work permit and the (2) Tribal-State Compact key employee findings of suitability. 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 Consent Calendar.

PUBLIC COMMENT:

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

CLOSED SESSION:

Chairman Shelton announced that the Commission would adjourn to Closed Session. At 2:15 p.m. the Commission adjourned to Closed Session.

RECONVENE TO OPEN SESSION:

Chairman Shelton reconvened the meeting at 2:42 p.m. with Commissioners Palmer, Sasaki, and Smith present.

1. Commissioner Comments.

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

ADJOURNMENT:

Upon motion to adjourn by Commissioner Smith, seconded by Chairman Shelton and unanimously carried with Chairman Shelton and Commissioners Palmer, Sasaki, and Smith voting yes; the Commission meeting adjourned at 2:43 p.m.