
MINUTES OF NOVEMBER 17, 2005
COMMISSION MEETING

OPEN SESSION

Chairman Shelton called the meeting of November 17, 2005, to order at 1:30 p.m., with Commissioners Cruz, Sasaki, and Williams present.

Staff Participating: Cy Rickards, Chief Counsel, and Heather Hoganson, Staff Counsel, Legal Division; and Cara Podesto, Acting Deputy Director, Licensing Division.

Upon motion of Commissioner Sasaki, seconded by Commissioner Cruz and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the meeting minutes of September 29, 2005.

Upon motion of Commissioner Cruz, seconded by Commissioner Sasaki and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the meeting minutes of October 6, 2005.

Chairman Shelton requested to have Consent Calendar Item 3, concerning the approval of financial transaction for Commerce Club and Comerica Bank, moved to Item 6 on the agenda.

DECISION ITEMS

1. Applications for Work Permit:
 - a. Brooks Oceana Card Room:
Snowdy, Susan
 - b. Lake Bowl Cardroom:
Corso, Kevin
 - c. Sundowner Cardroom:
Bateman, Marla

Acting Deputy Director Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the applications for a work permit for Susan Snowdy, Item 1.a., Kevin Corso, Item 1.b., and Marla Bateman, Item 1.c.

Upon motion of Commissioner Williams, seconded by Commissioner Sasaki and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the applications for a work permit for Susan Snowdy, Kevin Corso, and Marla Bateman.

2. Applications for Key Employee License:

- a. Marina Club:
Calamia, Deon
- b. Napa Valley Casino:
To, Raymond

Acting Deputy Director Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the applications for a key employee license for Deon Calamia, Item 2.a., and Raymond To, Item 2.b. Upon motion by Commissioner Sasaki and seconded by Commissioner Williams and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the applications for a key employee license for Deon Calamia and Raymond To.

3. Request to Purchase Existing Gambling Establishment:

- a. Garlic City Club: Ky Phuon, Sole Proprietor

Acting Deputy Director Podesto indicated that Commission staff recommends approval of the purchase and sales agreement for Ky Phuon to purchase the existing gambling establishment Garlic City Club, Item 3.a. Upon motion of Chairman Shelton, seconded by Commissioner Cruz and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the request of Ky Phuon to purchase the existing gambling establishment Garlic City Club.

- b. Ginny's Club: Keith Chan Hoang, Sole Proprietor

Acting Deputy Director Podesto indicated that Commission staff recommends approval of the purchase and sales agreement for Keith Chan Hoang to purchase the existing gambling establishment Ginny's Club, Item 3.b. Upon motion of Chairman Shelton, seconded by Commissioner Sasaki and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the request of Keith Chan Hoang to purchase the existing gambling establishment Ginny's Club.

4. Application for State Gambling License:

- a. Mortimer's Card Room: Mortimer's, Inc., Corporation

Acting Deputy Director Podesto indicated that Mortimer's Card Room, Item 4.a., was previously licensed as a sole proprietor, is now a corporation, and being presented

to the Commission for its consideration is the application for a new state gambling license for Mortimer's Incorporated. Acting Deputy Director Podesto further indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for a state gambling license for Mortimer's Incorporated.

Commissioner Cruz moved to adopt the staff recommendation and Commissioner Williams seconded the motion.

Commissioner Sasaki inquired about the April 30, 2006 deadline for the licensee to submit a key employee application for the appointed referee.

Michael Franchetti, Legal Counsel, Mortimer's Card Room, stated that the referee had prepared the application and it will be submitted to the Commission within a few days.

Chairman Shelton requested that the record be corrected to reflect May 31, 2006 as the expiration date.

Acting Deputy Director Podesto restated staff's recommendation to clarify the record as follows:

Both the Division of Gambling Control and Commission staff recommend approval of a temporary and conditional state gambling license for Mortimer's Card Room from December 1, 2005 to May 31, 2005 with the following condition:

1. *Licensee to submit a key employee license application to the Commission no later than April 30, 2006 for Veronica Lombarde, court appointed referee for the gambling establishment.*

Chief Counsel Rickards stated he thought Ms. Podesto again stated the duration of the temporary license was from December 1, 2005 through May 31, 2005, and requested, that the record should reflect the correct expiration date as May 31, 2006.

The motion made by Commissioner Cruz to adopt the staff recommendation, and seconded by Commissioner Williams, unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes.

5. Application for Renewal of Gambling License:

- a. Delta Club Cardroom: Michael Lee, Hsiao Hui Lee, Tony Lee and Karen Lee, General Partnership

Acting Deputy Director Podesto indicated that both the Division of Gambling Control

and Commission staff recommend approval of the application for renewal of a temporary state gambling license from December 1, 2005 through August 31, 2006 for Delta Club Cardroom, Item 5.a. Upon motion of Chairman Shelton, seconded by Commissioner Cruz and unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the application for renewal of a temporary state gambling license through August 31, 2006 for Delta Club Cardroom.

b. Napa Valley Casino: Paul J. Maguire, Sole Proprietor

Acting Deputy Director Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for the renewal of a temporary conditional state gambling license from December 1, 2005 through May 31, 2006 for Napa Valley Casino, item 5.b., with the following conditions:

1. *The owner or a licensed key employee must be onsite at the gambling establishment during operating hours.*
2. *The player-dealer must be continuously and systematically rotated amongst each player.*
3. *Submit written verification to the Commission, no later than April 30, 2006, that all employees have been properly trained as to the player-dealer rotation rules.*
4. *Unlicensed dealers or individuals not employed by the gambling establishment are prohibited from participating as a dealer in the play of games on the casino floor, including approved tournament games.*

Commissioner Sasaki moved to adopt the staff recommendation and Commissioner Cruz seconded the motion.

Patrick Riddle, Attorney for Paul Maguire, commented on the gambling establishment's effort to clean-up the business operations and mentioned that Christopher Ray, a former employee of the Department of Justice, was hired to assist with bringing the business operation into full compliance, and for that reason he urged the Commission to consider striking all but condition 3 from being applied to the license. Mr. Riddle provided further comments concerning the 15-day processing time for temporary work permits and indicated that employees at the gambling establishment have not received their temporary permits within that time period, which has caused a hardship for business operations.

Upon motion of Commissioner Sasaki, seconded by Commissioner Cruz and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the application for

renewal of a temporary conditional state gambling license from December 1, 2005 through May 31, 2006 for Napa Valley Casino, with the conditions recommended by staff applied to the license.

c. Ocean's Eleven Casino: Ocean's Eleven Casino, Inc., Corporation

Acting Deputy Director Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for the renewal of a temporary state gambling license to allow additional time for the Division to complete the back ground check, contingent upon payment of fees, for Ocean's Eleven Casino, Item 5.c. Upon motion of Commissioner Sasaki, seconded by Chairman Shelton and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the application for renewal of a temporary state gambling license from December 1, 2005 through February 28, 2006, contingent upon the payment of fees, for Ocean's Eleven Casino.

d. Old Cayucos Tavern: Old Cayucos Tavern, Inc., Corporation

Acting Deputy Director Podesto indicated that Commission staff recommends approval of a temporary conditional state gambling license from December 1, 2005 through March 31, 2006, contingent upon the payment of fees, with the following conditions:

1. *Licensee to provide to the Commission, no later than February 28, 2006, the terms of the current lease between Old Cayuco's Tavern Partnership (lessor) and the Old Cayuco's Tavern Corporation (gambling establishment).*

Chairman Shelton inquired as to why there was a change in the condition. Ms. Podesto indicated that because there is no current written lease, staff is requesting written confirmation of the current lease terms.

Upon motion of Commissioner Williams, seconded by Commissioner Sasaki and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved a temporary state gambling license from December 1, 2006 through March 31, 2006 for Old Cayucos Tavern, contingent upon the payment of fees and with the condition recommended by staff applied to the license.

e. Saigon Casino Club: Sy A. Xin, Sole Proprietor

Acting Deputy Director Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for the renewal of a state gambling license from December 1, 2005 through November 30, 2006 for

Saigon Casino Club, Item 5.e. Upon motion of Commissioner Sasaki, seconded by Commissioner Cruz and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the application for renewal of a state gambling license from December 1, 2005 through November 30, 2006, for Saigon Casino Club.

f. Ven-A-Mexico: Juan Louis Carrillo, Sole Proprietor

Acting Deputy Director Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for the renewal of a state gambling license for Ven-A-Mexico, Item 5.f. Upon motion of Commissioner Williams, seconded by Commissioner Cruz and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the application for renewal of a state gambling license from December 1, 2005 through November 30, 2006 for Ven-A-Mexico.

6. Approval of Financial Transaction for Commerce Club and Comerica Bank:

Staff Counsel Hoganson presented Item 6 to the Commission for its consideration of approval of the financial transaction for Commerce Club and Comerica Bank.

Staff Counsel Hoganson indicated Commerce Club contacted the Commission seeking guidance for a pending loan transaction with Comerica pursuant to Business and Professions Code section 19901 and 19904. Staff Counsel Hoganson stated, that while the Commission does not currently have any regulations regarding loan transactions, staff has reviewed the transaction documents to ensure that Comerica is a legitimate financial institution. Staff has also requested and received an additional disclosure statement for the loan which states that Comerica is aware that it cannot have payments contingent on gambling revenues, will have no interest in any actual gambling licenses, cannot manage, supervise, or oversee gambling operations, and cannot enforce any payment obligation relating to the loan without first proceeding pursuant to Business and Professions Code section 19900. Staff Counsel Hoganson advised that the disclosure also states that the Commission may, by order, require that certain persons apply for a finding of suitability or gambling license.

Staff Counsel Hoganson stated pursuant to Business and Professions Code section 19900, Comerica would not be able to foreclose or enforce their obligations without Commission approval. Further, Comerica would have to proceed under any regulations adopted (in the future) by the Division. Staff has contacted the Division and the Division is satisfied that the loan disclosure language meets the Division's needs.

Staff has determined that this transaction meets the requirements of the Gambling Control Act and should be approved by the Commission with the following terms and

conditions:

1. *The California Gambling Control Commission is not and will not be responsible or liable for the transaction as a whole based on the approval under the Gambling Control Act.*
2. *The California Gambling Control Commission shall be notified of any assignment or sale of the loan, in whole or in part, within 90 days of such assignment or sale.*
3. *The Commerce Casino shall provide to the California Gambling Control Commission a copy of the opinion of counsel prepared by Morrison & Forrester, as referenced in the draft loan documentation, within 90 days of the Commission's approval.*
4. *The Commerce Casino shall provide to the California Gambling Control Commission a final copy of the main loan documentation within 30 days of closing.*

Staff Counsel Hoganson indicated that representatives for Commerce Casino were in attendance at the meeting and had agreed to answer any questions the Commission may have.

At the request of Commissioner Cruz, Commerce Casino representatives Andrew Schneiderman, General Counsel, and Dante Oliveto, Chief Financial Officer, introduced themselves to the Commission.

In response to inquiries of Commissioner Cruz and Commissioner Sasaki, Mr. Schneiderman indicated that the purpose of the loan transaction was to refinance current debt and to create a reserve for capitol improvements, that the loans term was seven years and that there would most likely be additional lenders besides Comerica.

In response to Chairman Shelton's inquiry as to why this was brought to the Commission for consideration when the transaction was not complete, Mr. Schneiderman responded that Commission approval is a contingency of the loan.

Chairman Shelton asked the Chief Counsel to advise whether the Commission was acting within the scope of their responsibilities if they approved the loan.

Chief Counsel Rickards asked Mr. Schneiderman if there would be any problem with having the conditions that were presented by Staff Counsel Hoganson binding on the signatories, and Mr. Schneiderman indicated that he did not anticipate that it would be a problem. The Chief Counsel then responded to Chairman Shelton stating that aside from the fact that the Commission's conditions may not be binding on the signatories, he felt the Commission had satisfied due diligence, and it would

be appropriate to approve the transaction.

Commissioner Sasaki stated that, in working closely with Ms. Hoganson, the primary concerns were that the Commission would not be held liable for the loan due to Commission approval, that the gambling license would not be used as collateral and also that the Commission would have the assurance, in case of default, the lending institution would not be involved in the gambling business.

Commissioner Cruz made reference to condition 2, concerning 90-day notification of loan assignment, and questioned if the Commission approves the transaction and subsequently a third-party is assigned, would the Commission be notified before or after the assignment. Mr. Schneiderman stated it would be after. Commissioner Sasaki stated that would most likely be acceptable and, if there were concerns, the Commission could request a finding of suitability for the new third-party assignee.

Commissioner Sasaki inquired next if Comerica sells the loan can they include in their document to the secondary lender that they would not conduct or involve themselves in any aspect of the gambling business, to which Mr. Schneiderman responded that he did not foresee any problem in including that request in the loan documents.

Commissioner Cruz asked if they anticipated any additional changes before the closing of this loan and Mr. Schneiderman stated he did not anticipate any further changes.

Commissioner Cruz requested that if there were any additional changes to Section 11.24 of the Agreement that the Commission would be notified and requested the following condition be added to the agreement:

5. *If there were any changes in Section 11.24 of the Financial Terms of the Agreement, the Commission will be notified.*

Upon motion of Commissioner Williams, seconded by Commissioner Cruz and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the financial transaction between Commerce Club and Comerica Bank. The Commission approval was subject to the five conditions previously stated.

CONSENT CALENDAR ITEMS:

1. Application for Renewal of Work Permit:

- a. The 101 Casino:
Chavez, Jessica
Hutchinson, Linda

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:
Langer, Martha
Robilio, Brooke
- b. Alturas Indian Rancheria – The Desert Rose Casino:
Dirrim, Eduardo
- c. Barona Group of Capitan Grande Band of Mission Indians of the Barona Reservation – Barona Valley Ranch Resort and Casino:
Camarero, Delia
Koelling, David
Provencio, Anthony
Schafer, Ralph
Zorilla, Mariel-Nadya
- d. Bear River Band of the Rohnerville Rancheria – Bear River Casino:
Apodaca, Cecilia
Strawn, Eric
- e. Cachil DeHe Band of Wintun Indians of the Colusa Indian Community of the Colusa Rancheria – Colusa Casino:
Lowe, Corwin
- f. Cher-Ae Heights Indian Community of the Trinidad Rancheria – Cher-Ae- Heights Casino:
Cox, Jacob
- g. Chicken Ranch Rancheria of Me-Wuk Indians of California – Chicken Ranch Casino:
Van Winkle, Jerry
- h. Jackson Rancheria of Me-Wuk Indians of California – Jackson Rancheria Casino, Hotel, and Conference Center:
Bowden, William
- i. Pauma Band of Luiseno Mission Indians of the Pauma & Yuima Reservation – Casino Pauma:
Nguyen, Phu
- j. Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation – Pechanga Resort and Casino:
Boswell, Susan
Britton, Kevin
Buchwald, Lukasz
Carmichael, Richard
Hanna, Magdy
Kenyon, Sarah
Milledge, Phillip
Phommounivong,
Sengdeuanepheng
Saetern, Dolly
Sangster, Paul

- k. Quechan Tribe of the Fort Yuma Indian Reservation – Paradise Casino:
Chacon, Lizbeth
- l. Rincon Band of Luiseno Mission Indians of the Rincon Reservation – Harrah's Rincon Casino and Resort:
Linda Gothan
- m. Rumsey Indian Rancheria of Wintun Indians of California – Cache Creek Casino Resort:
Nolen, Donald
Pulaski, John
- n. Santa Rosa Indian Community of the Santa Rosa Rancheria – The Palace Indian Gaming Center:
Charlwood, Christopher
- o. Santa Ynez Band of Chumash Mission Indians of the Santa Ynez Reservation – Chumash Casino Resort:
Clearwater, Susan
- p. Table Mountain Rancheria of California – Table Mountain Casino:
Camarillo, Theresea
Chang, Thor
- q. Tuolumne Band of Me-Wuk Indians of the Tuolumne Rancheria of California – Black Oak Casino:
Navin, Danielle
- r. United Auburn Indian Community of the Auburn Rancheria of California – Thunder Valley Casino:
Newman, Nina
Saechao, Kae
Tallariti, Ricky

Acting Deputy Director Podesto presented the Consent Calendar to the Commission for its consideration of the application for: 1) renewals of a work permit, and 2) Applications for Tribal State Compact Key Employee Finding of Suitability. Upon motion of Commissioner Sasaki, seconded by Commissioner Cruz and unanimously carried in the call for a vote, with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes, the Commission approved the Consent Calendar.

PUBLIC COMMENT:

Mike Owen, Designated Agent for The 101 Casino, requested clarification on Item 5.b., Napa Valley Casino, and if it was approved with conditions.

Chairman Shelton advised Mr. Owen it was approved with conditions.

CLOSED SESSION:

Chairman Shelton announced that the Commission would adjourn to Closed

Session. At 2:15 p.m. the Commission adjourned to Closed Session after the Chief Counsel stated that discussions concerning litigation would take place pursuant to Government Code Section 11126(c) and 11126(e), and discussion concerning potential litigation, which the Chief Counsel advised came to Commission attention subsequent to the agenda publication, would take place pursuant to Government Code Section 11126(e)(B)(i); and 11126(e) (C)(i).

RECONVENE TO OPEN SESSION:

Chairman Shelton reconvened the meeting at 2:45 p.m. with Commissioners Cruz, Sasaki, and Williams present.

ADJOURNMENT:

Upon motion to adjourn the meeting by Commissioner Sasaki, seconded by Chairman Shelton and unanimously carried in the call for a vote with Chairman Shelton and Commissioners Cruz, Sasaki, and Williams voting yes the meeting adjourned at 2:46 p.m.