

California Gambling Control Commission
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MINUTES OF JANUARY 5, 2006
COMMISSION MEETING

OPEN SESSION

Chairman Shelton called the meeting of January 5, 2006, to order at 1:30 p.m., with Commissioners Cruz and Sasaki present.

Staff Participating: Steve Giorgi, Executive Director, Cyrus Rickards, Chief Counsel, and Herb Bolz, Senior Legal Counsel and Regulations Coordinator, Legal Division, and Cara Podesto, Manager, Licensing Division.

DECISION ITEMS

1. Applications for Work Permit:
 - a. Lake Bowl Cardroom:
Phung, James

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for a work permit for James Phung, Item 1.a. Upon motion of Commissioner Cruz, seconded by Commissioner Sasaki and unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz and Sasaki voting yes, the Commission approved the application for a work permit for James Phung.

- b. Napa Valley Casino:
Chan, Daniel

The Commission took no action on the application for a work permit for Daniel Chan, Item 1.b., which was removed from the calendar at the request of staff.

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- c. River Card Room:
Giacomini, Jeanette

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for a work permit for Jeanette Giacomini, Item 1.c. Upon motion of Commissioner Sasaki, seconded by Commissioner Cruz and unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz and Sasaki voting yes, the Commission approved the application for a work permit for Jeanette Giacomini.

- d. The 101 Casino:
Kou, Raymond

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for a work permit for Kou Raymond, Item 1.d. Upon motion of Commissioner Sasaki, seconded by Commissioner Cruz and unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz and Sasaki voting yes, the Commission approved the application for a work permit for Kou Raymond.

2. Applications for Key Employee License:

- a. Bicycle Casino:
Turner, Gerry

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for a key employee license for Gerry Turner, Item 2.a. Upon motion of Commissioner Sasaki, seconded by Commissioner Cruz and unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz and Sasaki voting yes, the Commission approved the application for a key employee license for Gerry Turner.

- b. Commerce Casino:
Griffo, John

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for a key employee license for John Griffo, Item 2.b. Upon motion of Commissioner Cruz, seconded by Commissioner Sasaki and unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz and Sasaki voting yes, the Commission approved the application for a key employee license for John Griffo.

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- c. Hawaiian Gardens Casino:
Bianchino, Michael Anthony

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for a key employee license for Anthony Bianchino, Item 2.c. Upon motion of Commissioner Sasaki, seconded by Commissioner Cruz and unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz and Sasaki voting yes, the Commission approved the application for a key employee license for Anthony Bianchino.

- d. Lake Elsinore Casino:
Gillies, William

The Commission took no action on the application for a key employee license for William Gillies, which was tabled at the request of staff.

- e. Lucky Buck Cardroom:
Common, Lindsay

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend that the Commission deny the application for a key employee license for Lindsay Common, Item 2.e. Upon motion of Commissioner Cruz, seconded by Commissioner Sasaki and unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz and Sasaki voting yes, the Commission denied the application for a key employee license for Lindsay Common.

3. Request to Approve Agreement to Purchase Stock in Reorganized Entity Under Proposed Plan of Reorganization pursuant to Chapter 11 of the Bankruptcy Code;

- a. Garden City Casino – Garden City, Inc.: Eric Swallow, Peter Lunardi III, Jeanine Lunardi and Dina DiMartino

Senior Legal Counsel Bolz presented for the Commission's consideration staff's recommendation to approve the agreement to purchase stock in the reorganized entity under the proposed plan of reorganization pursuant to Chapter 11 of the Bankruptcy Code for Eric Swallow, Peter Lunardi, III, Jeanine Lunardi and Dina DiMartino, Garden City Casino.

Commissioner Sasaki inquired about any bulk sales agreements.

Rod Blonien, Representative for Garden City Casino, in response to Commissioner Sasaki, indicated that bulk sales does not have application in this instance because

this is not an equity purchase and also because creditors have been given many notices throughout the bankruptcy proceedings.

Commissioner Sasaki asked Mr. Blonien if there would be any changes to the signed agreement. Mr. Blonien affirmed that there would not be any changes.

Upon motion of Chairman Shelton, seconded by Commissioner Cruz and unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz and Sasaki voting yes, the Commission approved the agreement to purchase stock in Garden City Casino for Eric Swallow, Peter Lunardi III, Jeanine Lunardi and Dina DiMartino.

4. Request to Purchase Existing Gambling Establishment:
a. Saigon Casino: Tigran Z. Marcarian

Senior Legal Counsel Bolz presented for the Commission's consideration the request to purchase the existing gambling establishment Saigon Casino for Tigran Z. Marcarian, Item 4.a. Mr. Bolz indicated that in order to comply with the Gambling Control Act the buyer has agreed to four conditions that would amend the purchase agreement to: 1) make clear that the agreement does not purport to sell the gambling license; 2) make clear that the requirement that the buyer obtain a state gambling license may not be waived by either party; 3) make clear that the deal cannot close before the expiration of the 90-day period mandated the Gambling Control Act; and 4) provide the Commission signed copies of all agreed to amendments to the purchase agreement. Mr. Bolz further indicated that with the agreement that the buyer will comply with the four conditions, staff recommends approval of the request of Tigran Z. Marcarian to purchase Saigon Casino.

Chairman Shelton asked Mr. Marcarian if he agreed to the four conditions indicated by Mr. Bolz, and Mr. Marcarian gave an affirmative answer in response.

Upon motion of Chairman Shelton, seconded by Commissioner Sasaki and unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz and Sasaki voting yes, the Commission approved the request of Tigran Z. Marcarian to purchase Saigon Casino.

Incorporated into the minutes as Attachment A is a complete copy of the agreed to conditions amending the purchase agreement.

5. Request for Additional Authorized Tables:
a. Hawaiian Gardens Casino: Hawaiian Gardens Casino Incorporated, California Corporation

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the request for ten additional table for a total of 190 tables authorized on the license for Hawaiian Gardens Casino, 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 and Sasaki voting yes, the Commission approved the request for ten additional table for a total of 190 tables authorized on the license for Hawaiian Gardens Casino.

6. Applications for Renewal of State Gambling License:

a. Cap's Saloon: Cap's Enterprises, Incorporated, California Corporation

Manager Podesto indicated that staff recommends approval of a three-month temporary renewal of the state gambling license, through April 30, 2006, for Cap's Saloon, Item 6.a. Upon motion of Chairman Shelton, seconded by Commissioner Sasaki and unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz and Sasaki voting yes, the Commission approved a three-month temporary renewal of the state gambling license, through April 30, 2006.

b. Central Coast Casino (Paso Robles): David Stearns, Sole Proprietor

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of a state gambling license through October 31, 2006 for Central Coast Casino, Item 6.b. Upon motion of Commissioner Sasaki, seconded by Commissioner Cruz and unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz and Sasaki voting yes, the Commission approved the application for renewal of a state gambling license through October 31, 2006 for Central Coast Casino.

c. Hustler Casino: El Dorado Enterprises, Inc., California Corporation

Manager Podesto indicated that staff recommends approval of a four-month temporary renewal of the state gambling license through May 31, 2006, contingent upon payment of fees, for Hustler Casino, Item 6.c. Upon motion of Commissioner Sasaki, seconded by Commissioner Cruz and unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz and Sasaki voting yes, the Commission approved a four-month temporary renewal of the state gambling license through May 31, 2006, contingent upon payment of fees, for Hustler Casino.

d. Lucky Buck Card Club: Dale Common, Sole Proprietor

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of a state gambling license through January 31, 2007 for Lucky Buck Card Club, Item 6.d. Upon motion of Commissioner Cruz, seconded by Commissioner Sasaki and unanimously carried in a

roll-call vote with Chairman Shelton and Commissioners Cruz and Sasaki voting yes, the Commission approved the application for renewal of a state gambling license through January 31, 2007 for Lucky Buck Card Club.

7. Applications for Renewal of Tribal-State Compact Gaming Resource Supplier Finding of Suitability:

- a. American Gaming and Electronics, Inc.: Anthony Spier, George Toma, Marshall Burman, Frank Martin, Jerry Kalov, Nevada Corporation

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for Tribal-State Compact Gaming Resource Supplier Finding of Suitability through January 31, 2007 for American Gaming and Electronics, Inc., Item 7.a. Upon motion of Commissioner Sasaki, seconded by Commissioner Cruz and unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz and Sasaki voting yes the Commission approved the application for Tribal-State Compact Gaming Resource Supplier Finding of Suitability through January 31, 2007 for American Gaming and Electronics, Inc.

- b. Venture Catalyst, Inc.: Lloyd Speer, Kevin McIntosh, William Shay, Andrew B. Laub, Javier McKeag, Cornelius E. Smyth, and John M. Farrington, a Utah Corporation

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for Tribal-State Compact Gaming Resource Supplier Finding of Suitability through January 31, 2007 for Venture Catalyst, Inc., Item 7.b. Upon motion of Commissioner Sasaki, seconded by Commissioner Cruz and unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz and Sasaki voting yes the Commission approved the application for Tribal-State Compact Gaming Resource Supplier Finding of Suitability through January 31, 2007 for Venture Catalyst, Inc.

8. Applications for Tribal-State Compact Key Employee Finding of Suitability – Request For Withdrawal:

- a. Cher-Ae Heights Indian Community of the Trinidad Rancheria – Cher-Ae Heights Casino:
Sydathong, Sengmany

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval, with prejudice, of the request for withdrawal of the application for Tribal-State Compact Key Employee Finding of Suitability for Sengmany Sydathong, Item 8.a. Chairman Shelton moved to adopt the staff recommendation and Commissioner Sasaki seconded the motion.

Commissioner Cruz inquired why the recommendation was to approve with

prejudice.

Manager Podesto indicated, in response, that the Division of Gambling Control recommended approval with prejudice because although the background investigation had not been completed, due to the request for withdrawal, based on the information the Division had reviewed they believed that the applicant might not be found to be suitable.

The motion made by Chairman Shelton and seconded by Commissioner Sasaki to adopt the staff recommendation failed to carry in the roll-call vote, with Chairman Shelton and Commissioner Sasaki voting yes and Commissioner Cruz voting no. Chairman Shelton indicated that Item 8.a. would be tabled for future consideration following the appointment by the Governor of another Commissioner.

- b. Hopland Band of Pomo Indians of the Hopland Rancheria – Sho-Ka-Wah Casino:
Ray, Gabriel

Manager Podesto indicated that both the Division of Gambling Control and Commission staff recommend approval, with prejudice, of the request for withdrawal of the application for Tribal-State Compact Key Employee Finding of Suitability for Gabriel Ray, Item 8.b. Chairman Shelton moved to adopt the staff recommendation and Commissioner Sasaki seconded the motion.

Commissioner Cruz inquired why the recommendation was to approve with prejudice.

Manager Podesto indicated, in response, that the Division of Gambling Control recommended approval with prejudice because although the background investigation had not been completed, due to the request for withdrawal, based on the information the Division had reviewed they believed that the applicant might not be found to be suitable.

The motion made by Chairman Shelton and seconded by Commissioner Sasaki to adopt the staff recommendation failed to carry in the roll-call vote, with Chairman Shelton and Commissioner Sasaki voting yes and Commissioner Cruz voting no.

9. Resolution Concerning Delegation of Authority in Rulemaking (Government Code section 11343(f)).

Senior Legal Counsel Bolz presented Item 9 for the Commission's consideration of the Resolution concerning Delegation of Authority in Rulemaking to Executive Director Steve Giorgi. Upon motion of Commissioner Sasaki, seconded by Commissioner Cruz and unanimously carried in a roll-call vote, with Chairman Shelton and Commissioners

Cruz and Sasaki voting yes, the Commission adopted the Delegation of Authority to Executive Director Steve Giorgi. A copy of the Resolution Concerning Delegation of Authority in Rulemaking is incorporated into the minutes as Attachment B.

10. Discussion of Proposed 2006 Rulemaking Calendar (Regulation Changes).

Senior Legal Counsel Bolz announced that staff was preparing to compose a rulemaking calendar for 2006 that would identify topics for regulation that are planned for formal Administrative Procedure Act notice and comment procedures for 2006. Mr. Bolz indicated that input from interested parties was being solicited through January 10, 2006 for inclusion of regulation topics in the 2006 Rulemaking Calendar.

Rod Blonien, Lobbyist, provided suggestions on two regulation topics for consideration of inclusion in the 2006 rulemaking calendar. The first suggestion was concerning a regulation that would allow for temporary licensure for owners and shareholders of state gambling licenses. Mr. Blonien indicated that a real need for this regulation exists in the industry in situations where a sale of a gambling establishment is pending, which under the current regulations can take up to a year after a purchase agreement has been reached before the new owner is issued a license. Mr. Blonien also indicated that in situations where a death of a licensed owner or shareholder occurs, the ability to issue a temporary license could allow for operations of the business to continue without having assets frozen for a one-year period. The second suggested regulation topic was concerning a statewide black book identifying individuals that have been barred from a gambling establishment and indicating the reason for being barred. Mr. Blonien indicated that this information should be available to the industry on a statewide basis for the protection of the individual establishments and their patrons.

Incorporated into the minutes as Attachment C is the December 21, 2005 staff memorandum regarding Agenda Item No. 10, Discussion of Proposed 2006 Rulemaking Calendar.

No action was taken by the Commission on Item 10.

CONSENT CALENDAR ITEMS:

1. 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:
Cotsopoulos, Ronald
Holland, Linda
Meyer, Sumalee
 - b. Alturas Indian Rancheria – The Desert Rose Casino:
Hartman, Sandra
Hildbrand, Clifford

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- c. Barona Group of Capitan Grande Band of Mission Indians of the Barona Reservation – Barona Valley Ranch Resort and Casino:
 - Baker, Robyn
 - Carroll, Lawrence
 - Santana, Laura
 - Sessler, Nancy
 - Mulkins, Tanya
- d. Bear River Band of the Rohnerville Rancheria
 - Keele, Charles
- e. Blue Lake Rancheria – Blue Lake Casino:
 - Ciarabellini, Justin
 - Mendenhall, Kris
- f. Cabazon Band of Mission Indians – Fantasy Springs Resort Casino:
 - Crowder, James
 - Kubisty, John
 - Martinez, Juan
- g. Cachil DeHe Band of Wintun Indians of the Colusa Indian Community of the Colusa Rancheria – Colusa Casino:
 - Singh, Harjinder
- h. Campo Band of Diegueno Mission Indians of the Campo Indian Reservation – Golden Acorn Casino and Travel Center:
 - Barron-King, Sonia
 - Trimble, Donald
- i. Chemehuevi Indian Tribe of the Chemehuevi Reservation – Havasu Landing Resort and Casino:
 - Mullally, Gregory
- j. Dry Creek Rancheria of Pomo Indians of California – River Rock Casino:
 - Cordova, Felicia
 - Peters, Christina
- k. Hopland Band of Pomo Indians of the Hopland Rancheria – Sho-Ka-Wah Casino:
 - Ayala, Armando
 - Ray, Priscilla
 - Vasquez, Norberto
- l. Jackson Rancheria of Me-Wuk Indians of California – Jackson Rancheria Casino, Hotel, and Conference Center:
 - Hollander, Robert
 - Pando, Tiffany
 - Pater, Timothy
 - Seidl, Elizabeth
- m. Mooretown Rancheria of Maidu Indians of California – Feather Falls Casino:
 - Gilbert, Edward
 - Wyman, Stephen

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- n. Morongo Band of Cahuilla Mission Indians of the Morongo Reservation – Casino Morongo:
 - Cepeda-Cruz, Jaime
 - Erickson, Matt
 - Lane, Lawrence
- o. Paiute-Shoshone Indians of the Bishop Community of the Bishop Colony – Paiute Palace Casino:
 - Johnston, David
- p. Pala Band of Luiseno Mission Indians of the Pala Reservation – Pala Casino Resort Spa:
 - Falk, Jeffrey
 - Kaahanui, Michael
- q. Pauma Band of Luiseno Mission Indians of the Pauma & Yuima Reservation – Casino Pauma:
 - Berneathy, Paul
 - Fleming, Libby
- r. Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation – Pechanga Resort and Casino:
 - Champan, Patrick
 - Lancelle, Moriah
 - Newcomb, Michael
 - Zepeda, Marcelino
- s. Picayune Rancheria of Chukchansi Indians of California – Chukchansi Gold Resort and Casino:
 - Marvin, Joel
 - Gonzales, Benny
 - Saeteun, Hanko
- t. Pit River Tribe – Pit River Casino:
 - Lane, Robert
- u. Quechan Tribe of the Fort Yuma Indian Reservation – Paradise Casino:
 - Begay, Darrell
 - Pastores, Melvin
- v. Redding Rancheria – Win-River Casino:
 - Keomorakoth, Spenser
- w. Rumsey Indian Rancheria of Wintun Indians of California – Cache Creek Casino Resort:
 - Dieng, Kong
 - Wilson, Charles
- x. San Manuel Band of Serrano Mission Indians of the San Manuel Reservation – San Manuel Indian Bingo & Casino:

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Vanderplow, Gary

- y. Santa Ynez Band of Chumash Mission Indians of the Santa Ynez Reservation – Chumash Casino Resort:
 - Barrientoz, Juan
 - Reagan, Joshua
 - Riley, Larry
 - Starks, John
 - z. Smith River Rancheria – Lucky 7 Casino:
 - Rush, Gary
 - aa. Susanville Indian Rancheria – Diamond Mountain Casino:
 - Joseph, Davon
 - Sweeney, David
 - Urmson, Laura
 - bb. Sycuan Band of Diegueno Mission Indians of California – Sycuan Casino and Resort:
 - Bulster, Robert
 - Way, Gary
 - cc. Table Mountain Rancheria of California – Table Mountain Casino:
 - Milor, April
 - Nadora, Erlinda
 - dd. Tule River Indian Tribe of the Tule River Reservation – Eagle Mountain Casino:
 - Nunez, George
 - ee. United Auburn Indian Community of the Auburn Rancheria of California – Thunder Valley Casino:
 - Chang, See
 - Ma, Duke
 - Saetern, Nai
 - Saeteurn, Foochiem
 - Woods, Wayne
 - ff. Viejas (Baron Long) Group of Capitan Grande Band of Mission Indians of the Viejas Reservation – Viejas Casino:
 - Attiyeh, Salah
 - Ngo, John
2. Applications for Tribal-State Compact Key Employee Finding of Suitability - Renewals:
- a. Agua Caliente Band of Cahuilla Indians of the Agua Caliente Reservation – Agua Caliente Casino:
 - Daniels, Kenneth
 - b. Augustine Band of Cahuilla Mission Indians of the Augustine Reservation

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– Augustine Casino:
Boshoff, Quinton

- c. Berry Creek Rancheria of Maidu Indians of California – Gold Country Casino:
 - Scarborough, Nichole
 - Steele, Tyrone
- d. Elk Valley Rancheria – Elk Valley Casino:
 - Aton, Robert
- e. Jackson Rancheria of Me-Wuk Indians of California – Jackson Rancheria Casino, Hotel, and Conference Center:
 - Hummel, Susan
 - Rider, William
 - Robles, Patricia
 - Spencer, John
 - Teague, David
 - Thibodeaux, Kenneth
- f. Morongo Band of Cahuilla Mission Indians of the Morongo Reservation – Casino Morongo:
 - Chance, Jennifer
 - Tibayan, Edgar
- g. Pala Band of Luiseno Mission Indians of the Pala Reservation – Pala Casino Resort Spa:
 - Bembenek, William
 - Borland, Janet
- h. Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation – Pechanga Resort and Casino:
 - Connie, Joseph
 - Pablos, Edward
 - Pule, Carl
 - Robinson, Ryan
 - Stewart, William
 - Vandyleuam, Anouleth
- i. Rumsey Indian Rancheria of Wintun Indians of California – Cache Creek Casino Resort:
 - David Au
 - Ferguson, James
 - Mills, Sean
 - Rodriguez, Cassandra
- j. San Manuel Band of Serrano Mission Indians of the San Manuel Reservation – San Manuel Indian Bingo & Casino:
 - Avalos, Ruben
 - Bott, James

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Francis, Jeannine
Rubio, Ralph

- k. Susanville Indian Rancheria – Diamond Mountain Casino:
Jamieson, Campbell
- l. Twenty-Nine Palms Band of Mission Indians of California – Spotlight 29
Casino:
Arroyo, Juan
Bologa, John
Guidroz, Bert
- m. United Auburn Indian Community of the Auburn Rancheria of California –
Thunder Valley Casino:
Acorda, Edwin
Anderson, William
Borihanh, Phoungneune
Cun, Patricia
Dean, Thomas
Fontillas, Eduardo
Hall, Myron
Hernandez, Allen
Jennings, Donald
Kieng, Amy
Lac, Justin
Lazzarini, Albert
Lui, Joe
Mason, Michael
Saeteun, Ouko
Sisavath, Somboun
Spisla, Frank
Sweeney, Philip
Thomas, Noland
Vialpando, Chris
- n. Viejas (Baron Long) Group of Capitan Grande Band of Mission Indians of
the Viejas Reservation – Viejas Casino:
Kelly, Colleen
Letourneau, Mindy
Olivieri, Joseph
Radke, Roger
Riolo, Frank

Manager Podesto indicated that there was one item removed from the Consent Calendar: David Johnson, Item 1.o., and two items were tabled: Michael Newcomb, Item 1.r. and Charles Wilson, 1.w.

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Manager Podesto presented the Consent Calendar to the Commission for its consideration of the applications for Tribal-State Compact Key Employee Finding of Suitability and Tribal-State Compact Key Employee Finding of Suitability Renewals. Upon motion of Commissioner Cruz, seconded by Commissioner Sasaki and unanimously carried in a roll-call vote, with Chairman Shelton and Commissioners Cruz and Sasaki 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 not adjourn to Closed Session since there were no new matters under Government Code section 11126(e); 11126(e)(b)(i); and 11126(e)(c)(i) that required discussion.

ADJOURNMENT

Upon motion to adjourn the meeting by Chairman Shelton, seconded by Commissioner Cruz and unanimously carried in a roll-call vote with Chairman Shelton and Commissioners Cruz and Sasaki voting yes, the meeting adjourned at 2:04 p.m.

Agenda Item No. 4 (agenda of January 5, 2006) ---- Saigon

Staff recommends approval of the purchase agreement, on the condition that all of the following requirements are satisfied within 30 days:

1. **BACKGROUND:** the Third Amendment to the Second Amended Agreement of Purchase and Sale of Assets currently states that Article I, Section 1.1, subsection (v)(ii) of the Second Amended Agreement of Purchase and Sales of Assets is amended to read:

Seller's (A) liquor licenses and (B) any other permits and licenses obtained in connection with the operation of the Casino, except for any State license or permit related to gambling."

REQUIREMENT: subsection 1.1 shall be revised to delete the second parenthetical, lower-case Roman numeral designation (*italicized above*), so that subsection (v) reads as follows:

- (v) Seller's (A) liquor licenses and (B) any other permits and licenses obtained in connection with the operation of the Casino, except for any State license or permit related to gambling."

2. **BACKGROUND:** the agreement currently permits the buyer to waive the requirement that he obtain a state gambling license (Article IV and section 4.5).

REQUIREMENT: make clear that the buyer must obtain a state gambling license by doing all of the following. **ONE:** add to Article VI, section 6.2 the following: "In amplification but not limitation of the foregoing, the California Gambling Control Commission shall have issued to buyer a license to operate a gambling establishment on the Premises. **TWO:** add a provision stating that the state gambling license requirement may not be waived by either party, notwithstanding any other provision of the agreement.

3. **BACKGROUND:** the closing date for the sale of property that requires licensing cannot be earlier than the expiration of 90 days after the submission of the completed application for approval for

licensing. (B&P Code Sec. 19902.) As written, the agreement could permit the transaction to close sooner than allowed by the Gambling Control Act.

REQUIREMENT: add the following language to the agreement:

"The Closing shall not occur earlier than (A) the date which is 90 days after the submission of the completed application or (B) the date on which the buyer is issued a license by the California Gambling Control Commission."

Attachment B**Resolution Concerning Delegation of Authority in Rulemaking**

It is hereby resolved on January 5, 2006, by the California Gambling Control Commission that Executive Director **Steve Giorgi** is authorized:

- To sign certifications required by Government Code section 11343, pursuant to Government Code section 11343(f);
- To sign the Fiscal Impact Statement (Form 399) and any other forms required to obtain approval of regulations submitted to the Office of Administrative Law ("OAL").
- To make nonsubstantive changes during the OAL review period, to any regular or emergency regulation submitted to OAL.

This delegation is in effect until revoked by the Commission.

Certified by:



Dean Shelton, Chairman, California Gambling Control Commission

1-5-2006
Date

CALIFORNIA GAMBLING CONTROL COMMISSION

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*Memorandum*

Date: December 21, 2005

To: Commissioners

From: Herb Bolz, Senior Legal Counsel & Regulations Coordinator
Cyrus J. Rickards, Chief CounselSubject: Agenda Item No. 10, January 5, 2006--"Discussion of Proposed 2006 Rulemaking Calendar (Regulation Changes)."

The following message was sent today to the Commission's rulemaking mailing list to alert interested parties to the opportunity to submit comments on the above-noted agenda item. Our practice has been to hear public comments concerning regulation priorities during the first meeting of each new year.

This message has been sent to you because you have asked for notification of any regulation changes proposed by the California Gambling Control Commission. In other words, your name/email address appears on the Commission's rulemaking distribution list.

This message is intended to accomplish two things:

- (1) alert you to an opportunity for public comment concerning the Commission's regulations;
- (2) comply with the legal requirement that distribution lists be corrected and verified each year.

COMMENT INVITED

At its January 5, 2006 meeting, the Commission will accept oral and written public comments concerning regulation adopting activities in 2006. Comments are welcome concerning any of the following:

- (1) existing regulations recommended for revision;
- (2) existing regulations recommended for repeal; and

(3) new topics on which new regulations should (in your view) be adopted.

This is part of the annual process in which a Rulemaking Calendar is drafted and approved, pursuant to Government Code section 11017.6.

For your convenience, a copy of the 2005 Rulemaking Calendar is attached. The 2006 Calendar will follow the same format, but will reflect current priorities, as determined by the Commission, after public comments are taken into consideration.

Written comments are also welcome, and should be submitted as soon as possible, but received no later than January 10, 2006. Written comments may be:

- sent as replies to this email message,
- addressed separately to hbolz@cgcc.ca.gov,
- or mailed to Herb Bolz, Regulations Coordinator, CGCC, P.O.Box 526013, Sacramento, CA 95862-6013.

[Section concerning maintenance of rulemaking distribution list has been omitted.]

CALIFORNIA GAMBLING CONTROL COMMISSION

2005 RULEMAKING CALENDAR

SCHEDULE A: PROPOSED REGULATIONS IMPLEMENTING STATUTES ENACTED DURING THE YEAR 2004

| | | |
|---|---|--|
| Subject: Cost Recovery (this item is being incorporated within Disciplinary Guidelines in Schedule B) | CCR Title & Sections Affected: Proposed 4 CCR 12550 | Statutes Being Implemented: Business & Professions Code section 19930 |
| Responsible Agency Unit: Legal Division | Contact Person & Phone Number: Heather Cline Hoganson (916) 274-6328 or John Spittler (916) 263-1528 | Projected Dates: Notice: March Hearing: May Adoption: June To OAL: July |

CALIFORNIA GAMBLING CONTROL COMMISSION

2005 RULEMAKING CALENDAR

SCHEDULE B: PROPOSED REGULATIONS IMPLEMENTING STATUTES ENACTED PRIOR TO THE YEAR 2004

| | | | |
|--|--|--|--|
| Subject: Problem Gambling | CCR Title & Sections Affected: 4 CCR, sections to be determined | Statutes Being Implemented: Business & Professions Code sections 19811, 19823, 19840, 19841(o), and 19920 | |
| Responsible Agency Unit: Legal Division | Contact Person & Phone Number: Heather Cline Hoganson (916) 274-6328 | Projected Dates: Hearing: June Adoption: July To OAL: August | |
| Subject: Disciplinary Guidelines, Notice of Violation & Penalties, Precedential Decisions; Definitions; Change of Address | CCR Title & Sections Affected: Proposed 4 CCR 12002, 12004, 12550, 12552, 12554 | Statutes Being Implemented: Business & Professions Code section 19811, 19823, 19824, 19840, 19841, 19850, 19854, 19864, 19875, 19912, 19913, 19914, 19920, 19922, 19924, 19930, 19942, 19952, 19931, 19971 | |
| Responsible Agency Unit: Legal Division | Contact Person & Phone Number: Heather Cline Hoganson (916) 274-6328 or John Spittler (916) 263-1528 | Projected Dates: Notice: March Hearing: May Adoption: June To OAL: July | |
| Subject: License Applications, Grounds for Denial, Surrender of license and abandonment of application, Gaming Activity Authorization, Requests for temporary or permanent additional tables | CCR Title & Sections Affected: Proposed 4 CCR 12341-12359; Existing 4 CCR 12250, 12270, 12271, 12272 | Statutes Being Implemented: Business & Professions Code sections 19841, 19952 | |
| Responsible Agency Unit: Legal Division | Contact Person & Phone Number: Heather Cline Hoganson (916) 274-6328 or John Spittler (916) 263-1528 | Projected Dates: Notice: March Hearing: May Adoption: August To OAL: September | |

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| Subject: Proposition Players and Gambling Businesses – amendments to current regulations, including Contract Review | | CCR Title & Sections Affected: 4 CCR 12200-12224 | | Statutes Being Implemented: Business & Professions Code sections 19984 and 19853(a)(3) | |
| Responsible Agency Unit: Legal Division | Contact Person & Phone Number: Herb Bolz (916) 263-0490 | Projected Dates: | | | |
| | | Notice: March | Hearing: July | Adoption: November | To OAL: December |

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| Subject: Minimum Internal Control Standards (MICS), including Adequate Financing (Chip Account) | | CCR Title & Sections Affected: 4 CCR, sections to be determined | | Statutes Being Implemented: Business & Professions Code section 19841 | |
| Responsible Agency Unit: Legal Division | Contact Person & Phone Number: Heather Cline Hoganson (916) 274-6328 or Herb Bolz (916) 263-0490 | Projected Dates: | | | |
| | | Notice: July | Hearing: September | Adoption: December | To OAL: December |

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|---|---|--|--------------------|--|---------------------|
| Subject: Gambling Equipment Manufacturers and Distributors – amendments to existing regulations, Gambling Device Testing & Transportation | | CCR Title & Sections Affected: 4 CCR 12300-12310 | | Statutes Being Implemented: Business & Professions Code sections 12923, 19824, 19840, 19841(r) | |
| Responsible Agency Unit: Legal Division | Contact Person & Phone Number: Herb Bolz (916) 263-0490 | Projected Dates: | | | |
| | | Notice: May | Hearing: August | Adoption: October | To OAL: November |

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| Subject: Proposition Players and Gambling Businesses – amendments to current regulations, including Application Procedures | CCR Title & Sections Affected: 4 CCR 12200-12232 | Statutes Being Implemented: Business & Professions Code sections 19984 and 19853(a)(3) |
| Responsible Agency Unit: Legal Division | Contact Person & Phone Number: Herb Bolz (916) 263-0490 | Projected Dates: |
| | Notice: July | Hearing: October |
| | | Adoption: November |
| | | To OAL: 2006 |

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| Subject: Emergency Preparedness and Evacuation Plan – Amendments to Current Regulations, based on suggestions by the State Fire Marshal | CCR Title & Sections Affected: 4 CCR 12370 | Statutes Being Implemented: Business & Professions Code sections 19801, 19805, 19823, 19841, 19856, 19920, 19922, 19930 |
| Responsible Agency Unit: Legal Division | Contact Person & Phone Number: Heather Cline Hoganson (916) 274-6328 or Herb Bolz (916) 263-0490 | Projected Dates: |
| | Notice: June | Hearing: August |
| | | Adoption: August |
| | | To OAL: September |

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| Subject: Accounting Regulations Plan – Amendments to Current Regulations | CCR Title & Sections Affected: 4 CCR 12400-12406 | Statutes Being Implemented: Business & Professions Code section 19841 |
| Responsible Agency Unit: Legal Division | Contact Person & Phone Number: Herb Bolz (916) 263-0490 | Projected Dates: |
| | Notice: June | Hearing: August |
| | | Adoption: November |
| | | To OAL: December |

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| Subject: Exclusion or Ejection of Individuals from Gambling Establishments | CCR Title & Sections Affected: 4 CCR, sections to be determined | Statutes Being Implemented: Business & Professions Code sections 19844, 19845, 19940 |
| Responsible Agency Unit: Legal Division | Contact Person & Phone Number: Heather Cline Hoganson (916) 274-6328 or Herb Bolz (916) 263-0490 | Projected Dates: |
| | Notice: December | Hearing: 2006 |
| | | Adoption: 2006 |
| | | To OAL: 2006 |

Report on the status of all uncompleted rulemaking described on previous calendars:

- Minimum Internal Control Standards (MICS) – A public workshop was held in September 2004, and major redrafting was determined necessary.
- Requests for temporary additional tables – this regulation was addressed in the MICS workshop.
- Chip Account – this regulation was addressed in the MICS workshop.
- Disciplinary Procedures – this regulation package was redrafted extensively in consultation with the Division of Gambling Control.

Considerable time was spent in 2004 in enacting the Proposition Player and Gambling Business regulations.

Topics of additional rulemaking actions which may be initiated during 2005, if sufficient time remains:

- Advertising
- Approval of sale/transfer or interest
- Campaign Finance Disclosures by Licensees
- Key Employee definition