

California Gambling Control Commission
2399 GATEWAY OAKS DRIVE, SUITE 100
SACRAMENTO, CA 95833
(916) 263-0700 FAX (916) 263-0499
www.cgcc.ca.gov

**MINUTES OF MAY 31, 2007
COMMISSION MEETING**

OPEN SESSION

1. Call to Order and Pledge of Allegiance.

Chairman Shelton called the meeting to order at 1:30 p.m., and asked everyone to stand for the Pledge of Allegiance.

2. Roll Call of Commissioners.

Roll Call of Commissioners was taken with Chairman Shelton and Commissioners Cruz, Shimazu, and Vuksich present.

3. Approval Commission Meeting Minutes:

- A. February 22, 2007
- B. March 8, 2007
- C. March 22, 2007
- D. April 12, 2007
- E. April 25, 2007
- F. April 26, 2007

Chairman Shelton indicated that Commission approve the minutes of meetings February 22, March 8, March 22, April 12, April 25, and April 26 2007. Upon motion of Chairman Shelton, seconded by Commissioner Cruz and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz, Shimazu, and Vuksich voting yes, the Commission adopted the Meeting Minutes.

4. Request to Approve Stock Purchase Agreement (Pursuant to Business and Professions Code Section 19904):

Club One Casino Inc.

Senior Legal Counsel Herb Bolz presented the following staff recommendation, drafted in the form of a motion, 1 for the Commission's consideration:

Move to approve the club one stock purchase agreement, subject to the following conditions:

- (1) That the articles of incorporation for Club One acquisition Corp. are amended to include the gambling purpose language mandated by business and professions code section 19881, and
- (2) That the four related loans must be approved by the Commission before the deal can close.

Solely for the purpose of approving this stock purchase agreement, the Commission recognizes the earlier stock transfers (A) Between Charles Long and Elaine R. Long and (B) between Elaine R. Long and the Elaine R. Long Trust. These two transfers should have been, but were not, submitted to or approved by the Commission. Recognizing these two earlier stock transfers for this limited purpose serves the interest of the state in completing the process of divestment by the Longs and in avoiding further delay in converting the Club One provisional license into a "Regular" state gambling license.

Robert Tabor, representing the Club One Acquisition Corporation stated that the Corporation will own all stock in Club One Casino Inc., and should be submitting a loan agreement in time for consideration at the Commission meeting of June 28, 2007. Bringing in new ownership would resolve issues concerning the current owners, he said, and would also benefit the City of Fresno by providing additional monies. The new ownership would also mean more jobs for the area, and expand services to the community. Kevin Lewis, counsel for Elaine Long, stated that the proceeds from the sale will go to the Elaine Long Trust Fund as her separate property, not to Bud Long directly or through a community property interest as the Commission had feared. Lewis also stated that the two earlier stock transfers had been submitted to the Division of Gambling Control for approval and that each transfer document had stated that it was subject to regulatory approval. Commissioner Shimazu noted that a letter from the Division presented by Mr. Lewis made clear that the state had been on notice concerning the two earlier stock transfers.. Frances Asuncion, of the Division of Gambling Control, stated that the two earlier stock transfers were denied in house by the Division as part of the process of reviewing the license applications submitted by the Longs, because the Division's attorneys were not satisfied with transfers; that there was thus no need to inform the Commission.

Commissioner Shimazu questioned if the proposed language of the motion was sufficient. Chief Counsel Cy Rickards stated that all prior proposals were predicated on Elaine Long's application for licensure. Elaine Long was found unsuitable not due to her personal conduct or character, but rather because of her association with her husband, Bud Long. Following the 2006 Commission decision to deny her application, Elaine did request an evidentiary hearing, but it was delayed due to this pending stock purchase transaction.

Commissioner Cruz expressed concern that some of the funds paid for the stock could constitute unjust profits, realized because the Longs had delayed sale of the club for several years during which time the value of the business had increased, and also that some of the sale proceeds would go to Bud Long. Mr. Lewis, in response to the first point, stated that Elaine Long could not reasonably be held responsible for any part of the delay caused by actions of Bud Long or actions of the Division. In response to the second point, Mr. Lewis stated that none of the proceeds of the sale would go to Bud Long, but rather to the Elaine Long trust. Mr. Neil Wertlieb, transactional attorney for the buyers, stated that the stock purchase agreement had been carefully drafted to avoid the question of whether the two earlier stock transfers had been validly completed by providing that payment would be directed to the Elaine Long trust, while at the same time requiring Bud Long to sign a quitclaim, relinquishing any interest he might arguably have had in the stock.

Upon motion of Chairman Shelton, seconded by Commissioner Shimazu and carried in a vote by roll call with Chairman Shelton and Commissioners Shimazu, and Vuksich voting yes, and Commissioner Cruz voting no, the Commission adopted the staff recommendation including the final optional paragraph.2

5. Applications for Renewal of State Gambling License Including All Associated Applicants and Endorsees (Pursuant to Business and Professions Code section 19876):

A. Capitol Casino: Capitol Casino, Inc.

- Staff recommends the Commission approve the renewal application for the period June 1, 2007 – May 31, 2008 with the following shareholders and key employees:
 - Shareholders: Clarke Rosa – President/Director and Sandra Rosa – Secretary/Director
 - Key Employees: Gene Clevenger, Pamela Rosa, Thomas Gates, William Simon, Jr., Tim Lam, Cheng Vang, and Oscar Miranda

Deputy Director Ciau indicated that staff recommends that the Commission approve the applications for renewal of State Gambling License including all associated applicants and endorsees. Upon motion of Commissioner Shimazu, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz, Shimazu, and Vuksich voting yes, the Commission adopted the staff recommendation.

B. Cap's Saloon: Cap's Enterprises, Inc.

Deputy Director Ciau indicated that staff recommends that the Commission extend the current license for a period of three (3) months, from June 1, 2007 – August 31, 2007, to provide the city of Salinas adequate time to render a decision regarding the business license. Legal has informed the City that if there is a new owner, the new owner could apply for a license to operate Cap's Saloon. Upon motion of Commissioner Vuksich, seconded by Commissioner Cruz and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz, Shimazu, and Vuksich voting yes, the Commission adopted the staff recommendation.

C. Normandie Club: A California General Partnership

Deputy Director Ciau recommended the Commission extend the current license for a period of two (2) months, from June 1, 2007 – August 31, 2007, to allow Division and the Commission staff time to review documentation related to the Estate of Mary Miller. The Club has agreed to the extension period, and has been working with staff. Upon motion of Commissioner Vuksich, seconded by Commissioner Shimazu and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz, Shimazu, and Vuksich voting yes, the Commission adopted the staff recommendation.

6. Request to Remove Condition from State Gambling License:
Hollywood Park Casino

Deputy Director Ciau indicated that staff recommends that the Commission remove the condition that the local gambling ordinance must come into compliance with the Gambling Control Act (Business & Professions Code, Section 19860 (a)(4). Upon motion of Commissioner Cruz, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz, Shimazu, and Vuksich voting yes, the Commission adopted the staff recommendation.

7. Requests for Additional Permanent Authorized Tables (Pursuant to California Code of Regulations, Title 4, section 12359):
Napa Valley Casino

Deputy Director Ciau indicated that staff recommends that the Commission approve the request for four (4) additional permanent tables for a total of twelve (12). Upon motion of Commissioner Shimazu, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz, Shimazu, and Vuksich voting yes, the Commission adopted the staff recommendation.

8. Applications for Work Permit (Pursuant to Business and Professions Code section 19912):

- A. Empire Sportsmen's Association: Kethmanee Souphilavong
- B. Lake Bowl Cardroom:

- i. Josephine Connelly
- ii. James Flannery
- C. Merced Poker Room:
 - i. Victoria Aldape
 - ii. Kia Thao
 - iii. Austin Vang
 - iv. Lamaiyer Yang
 - v. Seng Yang
- D. Napa Valley Casino:
 - i. Pamela Jackson
 - ii. Justin Liddicoat
 - iii. Lam Luong
 - iv. Clifford Varnell
- E. The 101 Casino: Joseph Wheeler

Licensing Manager Donna Nicolaus indicated that staff recommends that the Commission approve the initial applications for Work Permit for the applicants listed in your reports, and as listed in Agenda Items 8a through 8E. Upon motion of Commissioner Shimazu, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz, Shimazu, and Vuksich voting yes, the Commission adopted the staff recommendation.

9. Applications for Work Permit – Request For Withdrawal Without Prejudice (Pursuant to Business and Professions Code section 19869:)
- A. Lake Bowl Cardroom: Todd Osborn
 - B. Napa Valley Casino: Devin Lamb
 - C. The 101 Casino: Angela Bossnoyan

Licensing Manager Donna Nicolaus indicated that staff recommends that the Commission approve the request for withdrawal, without prejudice, for the applicants listed in the report and as listed as Agenda items 9A through 9C. Upon motion of Commissioner Shimazu, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz, Shimazu, and Vuksich voting yes, the Commission adopted the staff recommendation.

10. Application for Tribal-State Compact Gaming Resource Supplier – Financial Sources Finding of Suitability – Request for Withdrawal With Prejudice (Pursuant to Business and Professions Code section 19869:)
- R. Franco U.S.A., Inc: Joaquin Perez**

Deputy Director Ciau, indicated that staff recommends that the Commission approve the request for withdrawal with prejudice. Ciau noted that certified letters were sent to Perez and agent. Receipt was received from agent. Upon motion of Commissioner Vuksich, seconded by Commissioner Cruz and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz, Shimazu, and Vuksich voting yes, the Commission adopted the staff recommendation.

11. Applications to Convert Third Party Proposition Player Services Registration to a License (Pursuant to Business and Professions Code section 19984 and California Code of Regulations, Title 4, section 12218):

Pacific Palace, Inc.

Deputy Director Ciau, indicated that staff recommends that the Commission approve the conversion of a Third-Party Provider of Proposition Players Services registration to a license with the following shareholders: Bill Do – Shareholder, Willis Do – CEO, CFO and Director, Dan Do – Shareholder, Hsiaoichi Hsu – Shareholder, and Paul Luong – Secretary and Director. Upon motion of Commissioner Cruz, seconded by Commissioner Shimazu and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz, Shimazu, and Vuksich voting yes, the Commission adopted the staff recommendation.

12. Applications for Request to Convert Third Party Proposition Player Services Registration to a License – Request for Withdrawal Without Prejudice (Pursuant to Business and Professions Code section 19984 and California Code of Regulations, Title 4, section 12218):

A. BJ Gaming, LLC:

Creative Edge, LLC

Terry Frazier

Brian Wachter

B. Certified Players, Inc.:

Scott Bernhardt

Joann Truong

C. Gaming Fund Group, Inc.:

Richard Murillo

Thomas Wong

D. Pacific Palace, Inc.: George Chin

E. Progressive Gaming Group, Inc.: Xue Zhong

Lisa Rowell, Manager of Licensing, indicated that staff recommends that the Commission allow the registrants to withdraw their requests to convert from a registration to a license without prejudice for the registrants listed in the report and on agenda items 12A through 12E. Upon motion of Commissioner Vuksich, seconded by Commissioner Shimazu and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz, Shimazu, and Vuksich voting yes, the Commission adopted the staff recommendation.

13. Applications for Tribal-State Compact Key Employee Finding of Suitability – Request for Withdrawal With Prejudice (Pursuant to Business and Professions Code section 19869):

Rumsey Indian Rancheria of Wintun Indians – Cache Creek Indian Bingo and Casino: Estelito Mercado

Lisa Rowell, Manger of Licensing, indicated that staff recommends that the Commission approve the request for withdrawal with prejudice. Upon motion of Commissioner Shimazu, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz, Shimazu, and Vuksich voting yes, the Commission adopted the staff recommendation.

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| John Hamilton | Vibol Kong |
| John Martin | Lao Yang |
| N. Quechan Tribe of the Fort Yuma Indian Reservation – Paradise Casino California: | Tety Street |
| April Solis | |
| O. Redding Rancheria – Win-River Casino: | Carol Wright |
| Christopher DeCamp | |
| P. Rincon Band of Luiseno Indians – Harrah's Rincon: | Andrew Duquette |
| Lisa Arellano | |
| Ronnie Little | |
| Q. Rumsey Indian Rancheria of Wintun Indians – Cache Creek Indian Bingo and Casino: | Stacy Saechao |
| Frank Liu | |
| R. San Manuel Band of Serrano Mission Indians of the San Manuel Reservation – San Manuel Indian Bingo and Casino: | Setthaporn Buranahiran |
| John Armoush | Lewyllyn Flores |
| Apryl Crone | Kristi Hampton |
| Erwin Guevarra | Roderic Herbst |
| Bobby Hawkins | Jill Jaramillo |
| DeShawn Holloway | Suwisa Keaotamai |
| Robert Jimenez | Shane Laird |
| Shirley Knight | T'ara Magee |
| Louis Lugo | Deanna McKinley |
| Kimberly Maya | Kenny Nguyen |
| Gary Miller | Manuel Reyes |
| Mirasol Puntalba | Erik Segura |
| John Sanchez, Jr. | Maria Soto |
| Michael Shaw | Guillermo Tapia |
| Timothy Sumner | Dexter Wash |
| Kevin Villalobos | Titphalith Yem |
| Victoria Waugh | |
| S. Santa Rosa Indian Community of the Santa Rosa Rancheria – Tachi Palace Hotel and Casino: | Josh Donahue |
| Teresa Banuelos | Phiangphak Kiaosouvath |
| Phetsavanh Homsobath | Cynthia Maciel |
| Michelle Lawrence | Eleanor Phelps |
| Benjamin Montoya | Koy Saechao |
| Allen Pierce | Deanna Silva |
| Demetrius Serna | |
| David Viau | |
| T. Santa Ynez Band of Chumash Mission Indians of the Santa Ynez Reservation – Chumash Casino: | |
| Jennifer Ramirez | |
| U. Table Mountain Rancheria – Table Mountain Casino: | Melinda Dozier |
| Kacey Degrie | Dora McTeer |
| Oscar Garay | Tiffany Saepfan |
| Manuel Rivera | Donnita Wiliker |
| Vanthan Sea | |

- Jimmy Yang
- V. Tuolumne Band of Me-Wuk Indians of the Tuolumne Rancheria – Black Oak Casino:
Michael Miller
- W. United Auburn Indian Community of the Auburn Rancheria – Thunder Valley
Casino:
Yien Saechao
- X. Viejas Band of Kumeyaay Indians - Viejas Casino and Turf Club:
Darlene Spillar

Deputy Director Ciau announced that staff recommends that the Commission approve the Consent Calendar agenda items 14 through 16. Upon motion of Commissioner Cruz, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz, Shimazu, and Vuksich voting yes, the Commission adopted the staff recommendation.

REGULAR ORDER OF BUSINESS (Not a consent item)

17. Final Adoption of Regulations:

Extension of Conversion Deadline, Third Party Proposition Players & Gambling Businesses (Title 4, California Code of Regulations, sections 12205.1 and 12225.1)

Senior Legal Counsel Herb Bolz stated that the staff recommended that the Commission approve final adoption of regulations concerning extension of the conversion deadline applying to proposition player registrants and gambling businesses, (Title 4, California Code of Regulations, sections 12205.1 and 12225.1). Upon motion of Commissioner Vuksich, seconded by Commissioner Shimazu and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Cruz, Shimazu, and Vuksich voting yes, the Commission adopted the staff recommendation. The final regulations are attached as Appendix "A."

SPECIAL ORDER OF BUSINESS

18. Cancellation of Gaming Device Licenses per Tribal-State Gaming Compact Section 4.3.2.2(e) – Alturas Indian Rancheria

Deputy Director Richard Ross presented staff recommendation to the Commission the cancellation of Gaming Device Licenses per Tribal-State Gaming Compact Section 4.3.2.2(e), to Alturas Indian Rancheria. 150 licenses were issued on 12-19-03, and another 150 licenses were issued 10-7-05. Jack Duran, legal counsel for the Alturas Indian Rancheria, stated that these actions were unfair and unjust; they did not receive the latest memo. Duran stated that the tribe should be credited or set off for any penalty fees that were incurred. Also, that the tribe believes that not all answers were explored, and they will forward any decision to the hearings and appeals. Phillip Del Rosa,