

California Gambling Control Commission
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**MINUTES OF JANUARY 8, 2009
COMMISSION MEETING**

OPEN SESSION

1. Call to Order and Pledge of Allegiance.

Chairman Dean Shelton called the meeting to order at 10:00 a.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 Stephanie Shimazu, and Alexandra Vuksich present.

3. Approval of Commission Meeting Minutes for:
 - A. November 25, 2008
 - B. December 11, 2008

Upon motion of Chairman Shelton, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Shimazu and Vuksich voting yes, the Commission approved the meeting minutes for November 25, and December 11, 2008.

Chairman Shelton announced a change in the order in which the Commission would consider items on the agenda in that Items 5, 6, and 7 would follow the consent calendar.

4. Application for Approval for Initial State Gambling License Including All Associated Applicants and Endorsees (Pursuant to Business and Professions Code section 19851):
Commerce Casino: California Commerce Club, Inc.
The Streisfield Trust, Robin Vest, Beneficiary

Deputy Director Tina Littleton indicated that staff recommended that the Commission approve the initial application for the applicant to be endorsed on the state gambling license. Upon motion of Commissioner Shimazu, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Shimazu and Vuksich voting yes, the Commission approved the staff recommendation.

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

A. Diamond Jim's Casino: Wizard Gaming, Inc.

Deputy Director Littleton indicated that staff recommended that the Commission approve the request to add four tables for a total of 30 tables authorized on the license. Upon motion of Commissioner Vuksich, seconded by Commissioner Shimazu and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Shimazu and Vuksich voting yes, the Commission approved the staff recommendation.

B. Phoenix Casino and Lounge: Phoenix Casino and Lounge, Inc.

Deputy Director Littleton indicated that staff recommended that the Commission approve the request to add four tables for a total of 13 tables authorized on the license. Upon motion of Chairman Shelton, seconded by Commissioner Shimazu and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Shimazu and Vuksich voting yes, the Commission approved the staff recommendation.

9. Request for Reduction of Permanent Authorized Tables (Pursuant to Business and Professions Code section 19824(c)).

Casino Club: Casino Poker Club, Inc.

Deputy Director Littleton indicated that staff recommended that the Commission approve the request for the reduction of two tables for a total of five tables authorized on the license. Upon motion of Commissioner Shimazu, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Shimazu and Vuksich voting yes, the Commission approved the staff recommendation.

10. Applications for Initial Key Employee Personal Portable License (Pursuant to Business and Professions Code section 19854(d)):

- A. William Mercer
- B. Lloyd Moser
- C. Jeremy Neuman
- D. Francisco Reyes
- E. Brian Rhett

Deputy Director Littleton indicated that staff recommended that the Commission approve the initial applications for a key employee personal portable license for the applicants listed in Items 10.A. through 10.E. for the period of January 8, 2009, through January 31, 2011. Upon motion by Chairman Shelton, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Shimazu and Vuksich voting yes, the Commission approved the staff recommendation.

Tiffany Tirado
Roderick Valdez
Jaunila Yabes
Esther Yee

Dao Trinh
Crystal Vasquez
Melvin Yabes

Chamnam Ung
Bryan Villalobos
Toua Yang

C. Pacific Gaming Services, LLC

Robert Crenshaw

Kim Demirjian

D. Pacific Palace, Inc.

Kenny Chau

Kristy Do

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

A. BJ Gaming, LLC: David Honadle

B. Gaming Management, LLC: James Razon

C. Network Management Group, Inc.: Nicole Saleeby Phong Le

D. Pacific Gaming Services, LLC: David Honadle

E. Premier Player Providers, Inc.: Ariel Reyes

Deputy Director Littleton indicated that staff recommended the Commission approve the applications to convert registration to a license for the applicants listed in Items 13 through 16. Upon motion of Commissioner Shimazu, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Shimazu and Vuksich voting yes, the Commission approved the staff recommendation.

17. Applications for Request to Convert Gambling Business Supervisor Registration to a License – Request to Withdraw (Pursuant to California Code of Regulations, Title 4, section 12234):

Network Management Group, Inc.: Warren Williamson

18. Applications for Request to Convert Third Party Proposition Supervisor Registration to a License – Request to Withdraw (Pursuant to California Code of Regulations, Title 4, section 12218.5):

A. Gaming Management, LLC: Tamer Shatara

B. Network Management Group, Inc.: Sirisack Banouvong Kyle Felder

Lou Chee Her

Ubaldo Muro

Myra Villegas

Warren Williamson

Deputy Director Littleton indicated that staff recommended that the Commission approve the requests for withdrawal, without prejudice, of the applications to convert registration to a license for the applicants listed in Items 17 and 18. Upon motion of Commissioner Vuksich, seconded by Commissioner Shimazu and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Shimazu and Vuksich voting yes, the Commission approved the staff recommendation.

19. Final Adoption of Extension of Credit, Check Cashing and ATM Regulation, and Unclaimed Property Regulation (Title 4 California Code of Regulations sections 12388 and 12410), for Filing with the Office of Administrative Law (OAL)

Deputy Director Littleton indicated that staff recommended that the Commission:

(1) adopt, and approve for filing with the Office of Administrative Law (OAL), the final regulation text for Extension of Credit, Check Cashing and Placement of ATM and Unclaimed Property (Title 4, California Code of Regulations, sections 12388 and 12410); and (2) authorize staff to make any necessary nonsubstantive changes that may be required by OAL during their review process.

Alan Titus, Designated Agent for Artichoke Joe's Casino, commented regarding sections 12388(2)(A),(B), and (C) of the regulations.

David Fried, representing the Golden State Gaming Association, presented comments on the proposed regulation and submitted a written outline of his comments that are incorporated into the minutes as Attachment A.

Chairman Shelton moved to approve the staff recommendation with a three- month delay in the regulation effective date. Commissioner Shimazu seconded the motion, which unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Shimazu and Vuksich voting yes.

Chairman Shelton directed staff to work with Mr. Fried in developing possible amendments to these regulations

A copy of the proposed regulation as adopted by the Commission is incorporated into the minutes as Attachment B.

20. Request for Interim Approval of Bingo Card-Minding Devices (Title 4 CCR section 12482)

Digital Game Media, Inc.

Model Name	Model Number	Software Version
Whirlwind	Eee PC 900	1.0.3

Electronic Game Solutions, Inc.

Model Name	Model Number	Software Version
Easy Bingo I	I	9.3
Easy Bingo II	II	11.5.75
I Bingo	N/A	08.07.07.01

GameTech International

Model Name	Model Number	Software Version
GameTech Traveler	N/A	6.17.35
GameTech Tracker	N/A	1.01.013

Planet Bingo

Model Name	Model Number	Software Version
PhD	PhD	4.5.581

Kelly Schmidt, Staff Analyst, recommended that the Commission approve the seven card-minding devices listed in Item 20 for the period of January 8, 2009 through January 31, 2010 with the following conditions:

All interim approved card-minding devices will have the following conditions:

- (1) An interim approval shall be valid for one year from the date it is granted by the Commission or until regulations specifying additional criteria for card-minding devices become effective, whichever is later.*
- (2) An interim approval does not obligate the Commission to grant a regular approval and does not create a vested right in the holder to either an extension of the interim approval or to the granting of a subsequent regular approval.*
- (3) An interim approval does not in any way change the legal requirement that the applicant bears the burden of establishing that a specific device complies with all of the provisions of paragraphs (1) and (2) of subdivision (p) of section 326.5 of the Penal Code.*
- (4) Issuance of an interim approval concerning a specific card-minding device has no bearing on the question of whether the manufacturer of the device, or any affiliated person, will qualify for issuance of any Commission permit, registration, or license. Any interim approval will be cancelled in the event that the manufacturer of the device is subsequently determined to be ineligible for licensure.*
- (5) If, during the term of an interim approval, it is determined that any particular card-minding device is not qualified for approval, the Executive Director shall prepare an order to show cause why that device's interim approval should not be cancelled. The manufacturer of the device shall be given at least 30 days to respond in writing. After receipt of the manufacturer's response, the matter shall be set for consideration at a noticed Commission meeting. The manufacturer may address the Commission by way of an oral statement at the Commission meeting and, either in writing not less than ten days prior to the meeting or at the meeting itself, may request an evidentiary hearing.*
- (6) Any card-minding device and its designated software version that possess an automatic daubing capability shall have that capability disabled.*

Upon motion of Commissioner Shimazu, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Shimazu and Vuksich voting yes, the Commission approved the staff recommendation.

CONSENT CALENDAR ITEMS:

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

- A. Central Coast Casino (GB): Norma Stewart
- B. Napa Valley Casino: Zhichong Chen
- C. The 101 Casino: Rose Blanda Shqipe Delia
Leonard Marshall Desiree Pelissier-Pane

22. Applications for Initial Tribal-State Compact Key Employee Finding of Suitability (Authority Pursuant to the Tribal-State Gaming Compact, section 6.4.4):

- A. Agua Caliente Casino – Agua Caliente Band of Cahuilla Indians:
Lay Leng
- B. Barona Valley Ranch Resort - Barona Band of Mission Indians:
Sean Coplin
- C. Bear River Casino - Bear River Band of the Rohnerville Rancheria:
Hector Sandoval
- D. Blue Lake Casino - Blue Lake Rancheria:
Enell Fromel Denice Jensen-Larkins
- E. Cache Creek Casino Resort – Rumsey Indian Rancheria of Wintun Indians:
Rodney Luck Karl Thornton San Yang
- F. Casino Pauma – Pauma Band of Luiseno Mission Indians of the Pauma and Yuima Reservation:
Randal Brackin
- G. Chukchansi Gold Resort and Casino – Picayune Rancheria of the Chukchansi Indians:
Tracey Baker Christopher Logan
- H. Chumash Casino – Santa Ynez Band of Chumash Mission Indians of the Santa Ynez Reservation:
Kathy Beard Joseph Segovia
- I. Colusa Casino and Bingo – Cachil Dehe Band of Wintun Indians of the Colusa Indian Community of the Colusa Rancheria:
Gary Evans II Emma Vardy Brisa Wiget
- J. Fantasy Springs Casino – Cabazon Band of Mission Indians:
Mary Kearns-Banks Regina Trujillo
- K. Harrah's Rincon – Rincon Band of Luiseno Indians:
Marcus Higgins Christopher North Joanie Pham
Mark Sundstrom
- L. Jackson Rancheria Hotel & Casino – Jackson Rancheria Band of Miwuk Indians:
Ou Saefong Gina Wittmayer
- M. Morongo Casino Resort & Spa – Morongo Band of Cahuilla Indians of the Morongo Reservation:
Dean Kim Bradley Skipworth
- N. Pala Casino – Pala Band of Mission Indians:
Anthony Difederico Monica Pablos-Flores Chad Hill
- O. Paradise Casino California - Quechan Tribe of the Fort Yuma Indian Reservation:
Kevin Godwin
- P. Pechanga Resort and Casino – Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation:
Robert Crummel
- Q. River Rock Casino – Dry Creek Rancheria Band of Pomo Indians:
Derrick Franklin Jimin Tan
- R. San Manuel Indian Bingo and Casino – San Manuel Band of Serrano Mission Indians of the San Manuel Reservation:

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|----|---|----------------|--------------|
| | Janet Powers | Tawny Stafford | Alida Turner |
| G. | Pala Casino – Pala Band of Mission Indians:
Teresa Wright | | |
| H. | San Manuel Indian Bingo and Casino – San Manuel Band of Serrano Mission Indians of the San Manuel Reservation:
Tara Magee Patrick Martin Juana Meza-Corral
Jaime Monsalve Luis Simo Warren Yang | | |
| I. | Soboba Casino - Soboba Band of Luiseno Indians:
Kenneth Toler Amanda Tomasek | | |
| J. | Spotlight 29 Casino - Twenty-Nine Palms Band of Mission Indians:
Jason Newman Laurence Stevenson | | |
| K. | Sycuan Casino - Sycuan Band of Diegueno Mission Indians:
Antonio Angulo Maricela Burrows Mark Rose, Jr. | | |
| L. | Tachi Palace Hotel & Casino – Santa Rosa Indian Community of the Santa Rosa Rancheria:
Timmy Davis Stanley Osborne Jean Wilkerson | | |
| M. | Thunder Valley Casino - United Auburn Indian Community of the Auburn Rancheria:
Estella Champion Kaung Cho Cindy Cisneros
Steve Clave Eric Cung Josephine Dodson-Carag
Gerald Flagor Donald Jennings Amy Kieng
Mitchell Kornfield Sandy Madden Ferdinand Manfrellotti
Laura Miller Darold Netser Duc Nguyen
George Ninh Val Nye Louis Penner
Quynh Phan Jimmy Phui Yong Qiao
Yien Saechao Khae Saetern Ouko Saeteun
Thomas Sanderson Flordeliza Santos Patrick Shahbaz
Mui Su Pheap Teap Nou Vang | | |
| N. | Twin Pine Casino – Middletown Rancheria Band of Pomo Indians:
Brian Hunt Donna Ross Taya Ticen | | |

24. Revenue Sharing Trust Fund Distribution for Big Valley Band of Pomo Indians for the Quarter Ending September 30, 2008.

Deputy Director Littleton indicated that consent calendar items 22.M., Dean Kim, and 22.O., Kevin Godwin, were being tabled by staff. Deputy Director Littleton then indicated that staff recommended that the Commission approve Consent Calendar items 21 through 24. Upon motion by Chairman Shelton, seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Shimazu and Vuksich voting yes, the Commission approved the staff recommendation.

5. Order to Show Cause Pursuant to Business and Professions Code Section 19853(a) Why Rene Medina and Mila Medina Should Not be Required to Apply for Gambling Licenses as Lenders to Lucky Chances, Inc., (Pursuant to Business and Professions Code Section 19852(h) or 19853(a)(6)

Adeniyi 'Wale Ayoade, Staff Counsel, presented to the Commission the following concerning the Order to Show Cause why Rene and Mila Medina, as lenders to Lucky

Chances, Inc., do not have the power to exercise significant influence over the gambling operation of Lucky Chances, Inc., and why both should not be required to seek licensing pursuant to Business and Professions Code sections 19852(h) and 19853(a)(6).

Mr. Ayoade indicated that pursuant to Section 19852, subsection (h) and Section 19853(a)(6) of the Business and Professions Code, the Commission is authorized to require the licensing of any person, including a lender, if the Commission determines that such person "has the power to exercise a significant influence over the gambling operation." Therefore, pursuant to Sections 19852(h) and 19853(a)(6), the Commission, through today's hearing, is requesting that the owners of Lucky Chances, and the lenders, show cause:

Why Mr. And Mrs. Rene Medina, as lenders to Lucky Chances, Inc., do not have the power to exercise significant influence over the gambling operation of Lucky Chances, so as to be required to seek licensing pursuant to Business and Professions Code Section 19852, subsection (h) or 19853 (a)(6).

Rod Blonien, Designated Agent for Lucky Chances, commented regarding steps that have been taken to insulate Mr. and Mrs. Medina from having power to exercise a significant influence over the gambling operation.

Jenny Lin- Alva, Attorney with Ord & Norman, commented on the provisions of the "Blind Trust."

John Gardner, Attorney with Carrol, Burdick & McDonough, commented on the Stock Purchase Agreement.

Reverend James Butler, California Coalition Against Gambling Expansion, presented his concerns regarding the loan by Mr. and Mrs. Medina to the owners of Lucky Chances.

Evelyn Matteucci, Chief Counsel, stated that a trust and trustee are required to be licensed under section 19852 of the Gambling Control Act, but the trust and the trustee must be an owner of the gambling establishment. In this instance the trust and the trustee do not own the gambling establishment. Likewise, the beneficiaries in this situation, where they neither receive a distribution from a trust that is an owner of a gambling establishment nor receive any percentage share of revenue from gambling activities, are not required under the Gambling Control Act to be licensed. So in this instance, the Commission cannot require the trust, the trustees or the beneficiaries to be licensed. However, the Commission requests that the Lucky Chances would voluntarily submit the trust and the trustees to licensure so that the Commission could continue to have control over the note, and the trust and all of the portions of it.

Commissioner Shimazu stated that assuming all the conditions remain on the license and that the "Blind Trust" and Trustees go forward through the licensing process, and are licensed, then she would move not to license Rene and Mila Medina. The motion was seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Shimazu and Vuksich voting yes.

6. Request for Reconsideration Concerning Imposition of Conditions on State Gambling License (Pursuant to Business and Professions Code section 19824(b))
Gold Rush Gaming Parlor and Saloon: Susan Barrows, Sole Proprietor

Senior Legal Counsel Herb Bolz indicated that Susan Barrows, sole proprietor of Gold Rush Gaming Parlor and Saloon, has requested that the Commission reconsider its decision of August 14, 2008 to impose conditions on her state gambling license. These conditions set a deadline of January 15, 2009 for approval of the cardroom purchase agreement and for submission of the Bureau of Gambling Control's report on its background investigation concerning the buyer of the cardroom. Ms. Barrows argued that reconsideration should be granted on the grounds: (1) that she was not given prior notice of the conditions, and (2) that the conditions had the effect of changing the terms of the settlement agreement approved on January 7, 2007. The Bureau of Gambling Control, a party to the settlement agreement, submitted a letter dated December 5, 2008 stating that the additional conditions had the effect of changing the terms of the settlement agreement. Having reviewed the request and concluded that good cause has been shown; staff recommends that the request for reconsideration be granted. If a motion to grant the request for reconsideration is approved by the Commission, staff further recommends that the conditions imposed at the August 14 meeting be removed.

The conditions are:

1. *The new buyers must have submitted their state gambling license applications and purchase agreement in a timely manner for the Commission and the Bureau of Gambling Control (Bureau's) review to be completed by January 15, 2009.*
2. *Applicants will have the financial review portion of the background investigation conducted by an independent accounting firm in cooperation with subject to the approval of the Commission and the Bureau. The independent audit must be completed timely for Commission and Bureau to have completed their review by January 15, 2009.*

Robert Tabor, Attorney representing Susan Barrows, commented on efforts being made by Susan Barrows to sell the gambling establishment.

Commissioner Shimazu moved to approve the staff recommendation. The motion was seconded by Commissioner Vuksich and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Shimazu and Vuksich voting yes.

7. Application for Renewal of State Gambling License Including All Associated Applicants and Endorsees (Pursuant to Business and Professions Code section 19876):
Gold Rush Gaming Parlor and Saloon: Susan Barrows, Sole Proprietor

Evelyn Matteucci, Chief Counsel, stated that the original staff recommendation was that the Commission extend the renewal license from January 16, 2009 through April 30, 2009, with a new condition as follows:

Beginning on January 15, 2009, and continuing on the 15th day of each month thereafter, Ms. Barrows must provide written notification to the Commission

outlining her attempts, steps, and efforts to sell the gambling establishment business.

Chief Counsel Matteucci further indicated that it has come to staff's attention that Ms. Barrows is behind in her payments required under the stipulated settlement and order by three months. She is in arrears \$3,000. The terms of the stipulation provide that if any time during the 36 months following the execution of the stipulated order she fails to make a timely payment on the first half of the fine (\$37,500), then the remainder of the total fine (\$75,000) shall immediately be due and payable. Ms. Barrows has thus far paid \$21,000 on her fine. The total amount due is \$54,000. The Bureau of Gambling Control indicated in a letter dated January 6, 2008 that the Commission could issue a warning letter demanding the default be cured within a set period of time or request the Bureau to initiate legal action to accelerate payment. She stated that in her opinion given the terms of the stipulation, that the Commission could immediately set a date for payment of the total amount due of \$54,000 within ten business days and extend the renewal license from January 16, 2009 through February 11, 2009, the next Commission meeting. Failure to comply could result in a request for the Bureau to begin a revocation action and hearing.

Robert Tabor, Attorney representing Susan Barrows, commented on Susan Barrows' financial situation.

Derry Knight, Deputy Attorney General representing the Bureau of Gambling Control, addressed the options the Bureau of Gambling Control wished to convey to the Commission regarding noncompliance with the 2007 Commission Order.

Douglas Moore commented on the confidentiality of the escrow account.

Commissioner Shimazu moved to extend the renewal license period from January 16, 2009, through April 30, 2009 with the following conditions:

Beginning on January 15, 2009, and continuing on the 15th day of each month thereafter, Ms. Barrows must provide written notification to the Commission outlining her attempts, steps, and efforts to sell the gambling establishment business. With the provision that anything that is provided to the Commission would be held in a confidential manner if it is requested to be kept confidential the Commission would do so. And with the additional demand that the default be cured within 30 days, the default of \$3,000 be cured within 30 days with the consequences of continued non-compliance being to declare the entire unpaid \$75,000 fine due and payable immediately with the failure to comply then followed by license revocation action by the Bureau.

The motion was seconded by Chairman Shelton and unanimously carried in a vote by roll call with Chairman Shelton and Commissioners Shimazu and Vuksich voting yes.

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 to hold discussion concerning litigation pursuant to Government Code section 11126(e). At 12:30 p.m. the Commission adjourned to Closed Session.

Chairman Shelton reconvened to open session at 12:45 p.m. with Commissioners Shimazu and Vuksich present and announced that there was no action taken by the Commission in closed session.

ADJOURNMENT

Upon motion to adjourn the meeting by Commissioner Vuksich, seconded by Commissioner Shimazu and unanimously carried in a roll call vote, with Chairman Shelton and Commissioners Shimazu, and Vuksich voting yes, the meeting adjourned at 12:46 p.m.