

GAMING POLICY ADVISORY COMMITTEE

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**MINUTES OF JUNE 23, 2016
GAMING POLICY ADVISORY COMMITTEE MEETING**

OPEN SESSION

1. Call to Order and Welcome – Stacey Luna Baxter, Executive Director

Executive Director Stacey Luna Baxter called the June 23, 2016, meeting of the Gaming Policy Advisory Committee (GPAC), to order at 1:30 p.m.

2. Category H Update

Welcome Tom Hallinan as the new GPAC General member. Tom was appointed by the Commissioners this morning at the Commission meeting to the General member seat.

3. Roll Call of GPAC Members and Committee Advisory Members

Roll call of the Committee Members was taken. Kermit Schayltz, Joy Harn, Haig Kelegian, Jr., Darrell Miers, Yolanda Morrow, Keith Sharp and Tom Hallinan were present. Robert Jacobson arrived shortly after roll call and Brent Meyer and Leonard Powell were absent.

Staff Participating: Stacey Luna Baxter, Executive Director and Russell Johnson, Staff Counsel.

4. Approval of Meeting Minutes from April 25, 2016

Keith Sharp moved to approve the April 25, 2016 meeting minutes. Joy Harn seconded the motion and by consensus the Committee Members approved the minutes. Tom Hallinan abstained from the vote.

5. Discussion of Proposed Licensing Regulations (Discussion lead by Josh Rosenstein)

The GPAC reviewed the following specific sections of the proposed Licensing Regulations package:

- A. Proposal to repeal the Third-Party Gambling Business section 12005, which would also require that a Third-Party Provider of Proposition Player Services (TPPPS) company can only conduct business with an approved contact.

Josh Rosenstein – Currently there is one licensed Third-Party Gambling business with zero employees. The license is being used as a holding license and is not actively being utilized as a business. There may no longer be a need to retain this license type. As such, the Commission is proposing to repeal this section.

Keith Sharp expressed concerns that depending on the Bureau's action regarding the player/dealer rotation requirements, there might be a need for this entity in the future and that the use of Third-Party Gambling businesses may increase.

B. Proposed changes to the appointment/registration of Designated Agents

Josh Rosenstein explained that the Commission is not proposing to change the current Designated Agent (DA) process, which is part of the Bureau's regulations. However, since the DA form is within the Commission's regulations, these changes to the DA form are an attempt to gather more information regarding the DAs for the Commissioners review.

There was discussion regarding the current DA process, the current authority the Commission has as it relates to DAs and the impact of the proposed language to the current process. It was explained that the Bureau currently maintains the list of who has been identified as the DA for the applicants and that the Bureau verifies who is on the list prior to discussion applicant information. In addition, the Bureau has sole authority to deny a DA. The proposed regulations do not seek to change that process, but to amend the DA form to require the submission of additional information regarding the DA.

Concerns were expressed over the terms of primary and secondary DAs. Suggestions were made by various GPAC members to allow for multiple DAs and for the applicant to be given the ability to specify what categories of responsibilities each DA is approved to handle. In addition, it was expressed that the applicant/licensee should have authority over the DA, not one DA over another DA.

Josh Rosenstein clarified that the intent of the language for the secondary DA was to cover the staff of the DA who may, on behalf of the approved DA, send documents to or have conversations with the Bureau. However, this language was proposed based off an incorrect understanding of the Bureau's proposal for a secondary DA.

A suggestion was made to request the applicant to assign a level of priority for all DAs listed, which would allow for the Bureau to know which DA has first level of priority regarding specific matters and who has second level of priority, in case the first is unavailable.

Further discussion identified the need to clarify the definition, modify or delete the secondary DA term and to allow for the use of multiple DAs with categories of designation.

Joy Harn offered to work with the Bureau and Commission to come up with revisions.

Keith Sharp raised concerns with lawyers having to identify themselves as a DA and being subjected to subpoenas to testify in hearings against their clients when there is an attorney/client privilege.

In addition, Keith voiced concern with the proposed language that prohibits a DA from paying fees on behalf on their clients who in turn reimbursed the DA. Yolanda Morrow spoke of experiences where DAs paying fees on behalf of clients who in fact do not want to pay the fees.

C. Proposed to change the TPPPS Supervisors/Players/Other Employees licenses to portable

Josh Rosenstein explained that the proposed text is creating a general process reflecting what is currently going on in cardrooms as it relates to Key Employees. Key Employee licenses are portable and this language is attempting to mirror that process for the TPPPS non-owner licenses.

No questions from committee members.

D. Third Party Registration program being repealed and replaced with temporary license process

Josh Rosenstein explained that the proposed text will repeal the existing TPPPS Registration Program and replace it with a Temporary License process for TPPPS applicants.

No questions from the committee members.

E. General Discussion of Licensing Regulations Package

Kermit Schayltz and Haig Kelegain Jr. voiced concerns regarding the proposed text that would add an additional requirement for Cardroom owners, who are present on the gaming floor, to wear a badge. Mr. Schayltz requested clarification about when the badge is required to be worn and expressed concern about one's safety in having to visibly identify oneself as the owner.

Joy Harn suggested that the language be modified to read that the badge must be worn when engaging in an activity that would otherwise require the licensee to wear a badge that is visible to the public.

Yolanda Morrow cautioned that whatever changes are made should be consistent with existing TPPPS Owner requirements.

Haig Kelegian Jr. requested to add language to consider delegation to the Executive Director to approve additional table requests to eliminate the current wait time. Stacey Luna Baxter stated that the Commission staff will review the possibility of delegating the authority and amending the proposed text.

Keith Sharp suggested changes to allow for a distinction between existing licensees and new applicants when considering a temporary license for ownership and to expedite the background process. Josh Rosenstein mentioned that Commission staff is working on drafting revised language that will provide distinction.

Executive Director Stacey Luna Baxter reiterated what Commissioner Hammond mentioned in the Commission hearing this morning regarding the review of the Key Employee and Work Permit applications and her desire to see consistency amongst the forms specifically in regards to the criminal conviction questions. Commissioner Hammond suggests removing the phrase moral turpitude as it's confusing and most applicants don't know what a crime of moral turpitude is. Yolanda Morrow confirmed that changes have been proposed to both forms.

Comments were received regarding the TPPPS Gaming Businesses and further defining when an individual becomes a Gaming Business and is required to be licensed.

It was decided by the GPAC to bring the changes to the proposed text back before the committee for further discussion. In addition, GPAC members are welcome to submit additional comments to the Commission by July 15, 2016.

6. Update and Discussion of Current Projects

A. Surveillance Requirements for Video Clarity and Format (Sub-committee Members: Darrell Miers and Leonard Powell (absent))

Stacey Luna Baxter informed the committee that Leonard Powell is proposing to step down from this sub-committee to give other members the opportunity to participate and to avoid violating the Bagley Keene Open Meeting Act.

Stacey Luna Baxter also informed the committee that this matter will be placed on the next agenda and will be open for discussion and suggestions.

Darrell Miers reported on the surveillance requirements for video clarity and format project. Mr. Miers indicated that the two main issues are clarity and the Bureau's capability to view the recordings. Mr. Miers informed the committee that the discussion from the last meeting was helpful and that some progress is being made on this project. Mr. Miers is hopeful that he will get some support from Susanne George at the Bureau regarding the original drafts.

B. Revision of GPAC Selection Process (Sub-committee Member: Robert Jacobson)

The committee reviewed the proposed changes, as discussed at the last GPAC meeting. Robert Jacobson advised the committee that everyone agreed to the changes at the last meeting and that no additional changes have been made beyond what was discussed at the last meeting.

A suggestion was made to make Category G and H language consistent in regards to the eligibility restrictions. The committee agreed to make the language of both categories to prohibit applicants that are involved in any California gambling industry.

Robert Jacobson will finalize the changes and present the revised Selection Criteria Process at a future Commission Hearing for the Commissioners consideration.

C. Review of the Licensing Structure (Sub-Committee Members: Haig Kelegian, Jr. & Yolanda Morrow)

Yolanda Morrow provided an update on pending applications that are current owners. Ms. Morrow reported there are approximately 170 pending applications for owner licenses. Of the approximate 170 applications, 16 are owners that want to move some of their existing interest into a trust and approximately 15 of the applications are for existing licensed owners who are requesting to purchase interest in an additional cardroom. The remaining 139 are new applicants, who have submitted applications to purchase shares in a cardroom or are beneficiaries.

Haig Kelegian, Jr. stated that it took approximately 7-8 months to complete a transfer of shares between him and his father, who is also currently licensed. Ms. Morrow stated that the Bureau just received additional positions that will assist with the backlog and will, hopefully, minimize the processing time.

Haig Kelegian, Jr. provided an updated on contacting New Jersey and Pennsylvania gaming control boards to get there feedback on this same issue. Mr. Kelegian was unable to get responses to his questions via email or other forms of contact and will continue to gather information. Ms. Morrow volunteered to help Mr. Kelegian with contacting the New Jersey and Pennsylvania gaming control boards through the Bureau.

D. Delegating Additional Authority to the Executive Director and/or Bureau (Sub-Committee Member: Keith Sharp)

Keith Sharp reported that he had discussions with Todd Vlaanderen about this issue and how to proceed. Mr. Sharp also has a call into an administrative lawyer in Sacramento who could be helpful in figuring this out. Mr. Sharp said that he should have more information by the next meeting.

7. Scheduling Next Meeting/Discussion Items for Next Agenda

It was decided that the next GPAC meeting would be scheduled on August 25, 2016 at 1:30 p.m.

8. Public Comment

None.

Adjournment

The meeting was adjourned at 3:38 p.m.