## **California Gambling Control Commission**

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## MINUTES OF THE MAY 30, 2019 COMMISSION MEETING

## **OPEN SESSION**

1. Call to Order and Pledge of Allegiance.

Chairman Evans 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 Jim Evans, Commissioner Paula LaBrie, Commissioner Gareth Lacy, and Commissioner Trang To present.

- 3. Approval of Commission Meeting Minutes for:
  - A. December 13, 2018 Commission Meeting
  - B. January 10, 2019 Commission Meeting
  - C. February 21, 2019 Commission Meeting
  - D. April 10, 2019 GCA Hearing

#### Action:

Upon motion of Chairman Evans, seconded by Commissioner To, and carried in a vote by roll call with Chairman Evans, Commissioner LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the Commission Meeting Minutes for December 13, 2018, January 10, 2019, February 21, 2019, and GCA Hearing minutes for April 10, 2019.

4. <u>Graton Mitigation Fund Final Report for Distribution to County of Sonoma and City of Rohnert Park – Quarter Ending March 31, 2019 (Pursuant to Government Code section 12012.56 and Compact section 4.5.1):</u>

Federated Indians of Graton Rancheria

#### Action:

Upon motion of Commissioner LaBrie, seconded by Commissioner Lacy, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the distribution payments as listed in the report.

5. Consideration of A) Transfer of Shares; B) Initial State Gambling License; and C) Initial State Gambling License (Pursuant to Business and Professions Code sections 19904 and 19852; CCR, Title 4, sections 12054 and 12342):

A. The Bicycle Hotel & Casino: The Bicycle Casino L.P.

Robert H. and Sandra L. Carter (Transferors)
Robert H. and Sandra L. Carter Gaming Trust

Dated October 27, 2015 (Transferee)

## **Comments Received From:**

Joy Harn, Designated Agent /Attorney, in person

Chairman Evans asked Ms. Harn if her clients understood the condition proposed to be placed on the license.

Ms. Harn confirmed that her clients understood and accepted the conditions.

#### Action:

Upon motion of Commissioner LaBrie, seconded by Commissioner To, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the Transfer of Shares with the conditions noted below:

1. Legends on Certificates Evidencing Partnership Interests Copies of the certificates evidencing the partnership interests to be transferred were not provided to the Bureau. Approval of the proposed transfer is conditions upon the applicants confirming to the Commission and to the Bureau within 15 days after the transfer that the certificates evidencing the partnership interests transferred are legended in accordance with the provisions of Business and Professions Code section 19892, subdivision (d).

# 2. Additional Legend on Certificates Evidencing Partnership Interests

Business and Professions Code section 19892, subdivision (a), voids any purported sale or other disposition of a security issued by a partnership licensee that the Commission did not approve in advance. Approval of the proposed transfer is conditioned upon the parties confirming to the Commission and to the Bureau within 15 days after the transfer that, unless already included in the legend required under Condition No. 1 above, the certificates evidencing the interest transferred include the following legend:

THIS CERTIFICATE REPRESENTS INTEREST IN A PARTNERSHIP THAT HOLDS A GAMBLING LICENSE PURSUANT TO THE LAWS OF THE STATE OF CALIFORNIA THIS INTEREST MAY NOT BE TRANSFERRED, ASSIGNED, SOLD, PLEDGED, HYPOTHECATED, OR DISPOSED OF WITHOUT THE

# PRIOR APPROVAL OF THE CALIFORNIA GAMBLING CONTROL COMMISSION OR ITS SUCCESSOR.

## 3. Legend on Stock Certificates

Approval of the transfer contemplated by this application is conditioned upon the applicants confirming to the Commission and to the Bureau that each and every certificate evidencing the shares has been legended in accordance with the provisions of Business & Professions Code section 19882, subdivision (c).

## 4. Additional Legend on Stock Certificates

Business & Professions Code section 19904 voids any purported sale or other disposition of a security issued by a corporate licensee that the Commission did not approve in advance. Approval of the transaction contemplated by this application is conditioned upon the applicants confirming to the Commission and to the Bureau within 15 days of the transfer that each and every certificate evidencing the shares transferred include the following legend:

THIS CERTIFICATE REPRESENTS HSARES OF STOCK ISSUED BY A CORPORATION THAT HOLDS A GAMBLING LICENSE PURSUANT TO THE LAWS OF THE STATE OF CALIFORNIA. THE STOCK MAY NOT BE TRANSFERRED, ASSIGNED, SOLD, PLEDGED, HYPOTHECATED, OR DISPOSED OF WITHOUT THE PRIOR APPROVAL OF THE CALIFORNIA GAMBLING CONTROL COMMISSION OR ITS SUCCESSOR.

#### 5. No Material Change in Transaction

Approval of the transaction should be conditioned upon the applicants confirming to the Commission, with a copy to the Bureau, within 15 days after the transfers that the transactions were completed as approved by the Commission.

By concurrence of the Commissioners, items 5B, and 5C were heard together.

B. The Bicycle Hotel & Casino: The Bicycle Casino L.P.

Carter Management Group, Inc.

Robert H. and Sandra L. Carter Gaming Trust Dated October 27, 2015, Shareholder

David Carter, Trustee

Carter LCP, L.P.

Robert H. and Sandra L. Carter Gaming Trust
Dated October 27, 2015, Limited Partner

David Carter, Trustee

C. The Bicycle Hotel & Casino: The Bicycle Casino L.P.

Carter Management Group, Inc.
Sandra Carter, Secretary, Director
Robert H. and Sandra L. Carter Gaming Trust
Dated October 27, 2015, Shareholder
Sandra Carter, Trustee, Trustor, Beneficiary
Carter LCP, L.P.

Robert H. and Sandra L. Carter Gaming Trust Dated October 27, 2015, Limited Partner Sandra Carter, Trustee, Trustor, Beneficiary

#### Action:

Upon motion of Commissioner LaBrie, seconded by Commissioner Lacy, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the Initial State Gambling Licenses through April 30, 2021.

6. Consideration to Withdraw Application(s) for State Gambling License (Pursuant to Business and Professions Code section 19869; CCR, Title 4, sections 12015 and 12054):

Mortimer's Card Room: Mortimer's, Inc.

Tammy Massa, Shareholder

Mark Williamson, Chief Executive Officer, Director, and

Shareholder

## Comments Received From:

Danielle Guard, Designated Agent/Attorney, in person

Commissioner Lacy sought to confirm if Tammy Massa sought to withdraw her Initial State Gambling License application as it pertained to Mortimer's Card Room.

Ms. Guard confirmed that was Tammy Massa's intention.

## Action:

Upon motion of Commissioner Lacy, seconded by Commissioner To, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the requests to withdraw without prejudice.

7. Consideration of Renewal of State Gambling License (Pursuant to Business and Professions Code sections 19850, 19852, and 19876; CCR, Title 4, sections 12054 and 12345):

A. Hustler Casino: El Dorado Enterprises, Inc.

Larry Flynt Revocable Trust, Shareholder Larry Flynt, Trustee, Trustor, Beneficiary Larry Flynt, President, Chief Financial Officer,

Director

#### Comments Received From:

Keith Sharp, Designated Agent/Attorney, in person Yolanda Morrow, Assistant Director, Bureau of Gambling Control, in person

Commissioner LaBrie questioned an issue regarding a possible grand theft.

Mr. Sharp stated that when the incident stemming from a call for service was brought to the cardrooms attention, the cardroom made a diligent inquiry into the matter. The Cardroom could find no record of such report in the cardrooms record. Mr. Sharp further stated that in the event that the cardroom becomes aware of an incident similar to that which was reported, the cardroom would take appropriate action.

Assistant Morrow stated that the Bureau did not receive an incident report and did not conduct an investigation as to the incident as an incident report a requisite to start an investigation for a matter such as this.

Commissioners Lacy briefly discussed his concerns regarding marketing agreements and the current status of the regulatory process. Mr. Sharp indicated he is aware of the concerns and those noted for other cardrooms. Chairman Evans concurred with Commissioner Lacy.

#### Action:

Upon motion of Chairman Evans, seconded by Commissioner LaBrie, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the Renewal State Gambling Licenses through May 31, 2021.

B. North Coast Casino: T&T Gaming, LLC

Estate of Thomas Bruner, Member

Anne Nash, Executor

Robert Thomson, Jr., Member

#### Comments Received From:

Anne Nash, via telephone

Jason Ramos, Tribal Council Member with Blue Lake Rancheria of California, via telephone

Yolanda Morrow, Assistant Director, Bureau of Gambling Control, in person

Assistant Director Morrow confirmed that Robert Thomson only submitted an application for the LLC and not for himself.

Ms. Nash asked if it would be possible for the Commission to grant an extension for Mr. Thomson to submit an application.

Ms. Nash further stated that she was concerned in the time it has taken for the Bureau to review the application from Blue Lake Rancheria as the buyers of T&T Gaming, LLC.

Ms. Morrow responded that an extension is an option for the Commission should they wish to extent the license to allow time for Mr. Thomson to submit his application. In addition, the Bureau has on three occasions reached out to the representatives of Blue Lake to inquire if they intended to move forward with the application, and the Bureau has not heard back as of date.

Ms. Nash responded that was news to her and to her knowledge Blue Lake was interested in pursuing the applications. She had heard from their attorney recently affirming so.

Mr. Ramos stated that the tribe intends to sell and assign their rights to seek the license.

Chairman Evans stated that there is not necessarily a harm to the public as the cardroom is not open and would be inclined to extend 180 days with provisions that the Cardroom cannot operate.

Chairman Evans asked if Ms. Nash agreed to the condition to be placed on the Renewal License.

Ms. Nash confirmed that she did.

## Action:

Upon motion of Chairman Evans, seconded by Commissioner LaBrie, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved a 180-day extension and continuing with the existing condition noted below:

> T&T Gaming, LLC dba North Coast Casino shall not operate until gaining Commission approval. T&T Gaming, LLC shall inform the Bureau within 10 days of receipt of any revenues received with a description of the nature, amount received, and payer.

C. Old Cayucos Tavern: Old Cayucos Tavern, Inc.

Andrea Pulaski, Sole Shareholder, President, Chief

Financial Officer, Secretary, Director

#### Action:

Upon motion of Commissioner Lacy, seconded by Commissioner To, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the Renewal State Gambling Licenses through May 31, 2021.

8. Consideration of Initial Work Permit (Pursuant to Business and Professions Code section 19912; CCR, Title 4, sections 12054 and 12104):

Parkwest Casino Sonoma:

Joe Park

#### Action:

Upon motion of Chairman Evans, seconded by Commissioner Lacy, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the Initial Work Permit through September 30, 2020.

9. Consideration of Renewal Work Permit (Pursuant to Business and Professions Code section 19912; CCR, Title 4, sections 12054 and 12104):

Casino Merced:

Lee Vang Lo

Comments Received From:

Lee Vang Lo, via telephone

Commissioner Lacy asked if Ms. Lo now understands the existing condition placed on her Renewal Work Permit.

Ms. Lo confirmed that she did and will comply with the condition in the future.

Commissioner LaBrie further clarified that the issue is not the payments, but rather just keeping the Bureau updated.

Ms. Lo confirmed that she understood.

#### Action:

Upon motion of Commissioner Lacy, seconded by Chairman Evans, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the Renewal Work Permit through May 31, 2021, continuing with the existing condition noted below:

Beginning February 1, 2018 and every 90 days thereafter, Ms. Lee Vang Lo must provide the Bureau of Gambling Control with proof of efforts to satisfy her outstanding payment plan until resolved.

10. Consideration of Conversion of Third-Party Providers of Proposition Player Services Registrations to License (Pursuant to Business and Professions Code section 19984; CCR, Title 4, sections 12054 and 12218):

A. Aces High Gaming, LLC:

Player: Ryan Metzdorff

Deputy Director Alcala-Beshara informed the Commission that multiple attempts to confirm the applicant's attendance were made by Commission staff; however, the applicant did not confirm attendance. The applicant did not announce himself at the meeting.

Commissioner LaBrie and Commission To discussed why they were inclined to grant Mr. Metzdorff's application.

## Action:

Upon motion of Commissioner LaBrie, seconded by Commissioner To, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the Initial Conversion License through May 31, 2021.

B. Acme Players Services, LLC:

Supervisor: Warren Tolentino

Commissioner To discussed why he was inclined to grant Mr. Tolentino's application.

#### Action:

Upon motion of Commissioner To, seconded by Commissioner LaBrie, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the Initial Conversion License through May 31, 2021.

C. Blackstone Gaming, LLC:

Player: Valerie Chavez

Commissioner Lacy discussed his concerns with granting the applicant's license. Commissioner Lacy called forth the applicant to ask if she was present. The applicant was not present in person or by telephone.

No action was taken on this item. The item was tabled to the June 13, 2019 Commission Meeting.

D. Knighted Ventures, LLC:

Players: i) Anthony Burton

#### Action:

Upon motion of Chairman Evans, seconded by Commissioner LaBrie, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the Initial Conversion License through May 31, 2021.

ii) Matthew Melero

#### Action:

Upon motion of Commissioner Lacy, seconded by Commissioner To, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the Initial Conversion License through May 31, 2021.

## iii) Scott Walden

No action was taken on this item. The item was tabled to the June 13, 2019 Commission Meeting.

E. L.E. Gaming, Inc.:

Player: Ernesto De Leon

#### Comments Received From:

Ernesto De Leon, via telephone

Todd Vlaanderen Chief Counsel, Gambling Control Commission, in person

Commissioner LaBrie discussed that Mr. De Leon has worked in the industry for 28 years and stated that she did not have a problem with his licensure as many people get the terms "termination" and "laid off" confused.

Commissioner Lacy expressed concern as he has his written information as to what happened and nothing else to prove that he was laid off.

Commissioner To provided his concerns regarding his termination disclosure.

Commissioner Lacy stated that he read Mr. De Leon's letter and appreciated his candor; however, wanted to know if Mr. De Leon has any documentation to support his statements. Mr. De Leon stated that he was terminated as he was falsely accused of sexual harassment.

Chairman Evans confirmed he was not eligible for rehire and if the matter is referred to a GCA hearing, is there additional information that the Tribal Gaming Agency (TGA) may be willing to provide. Assistant Director Morrow indicated that she would inquire.

Chief Counsel Vlaanderen indicated that if the matter was referred to a GCA hearing, Mr. De Leon may also be able to provide witnesses that may corroborate his statements.

Commissioner To asked at the time of termination, what did the employer provide him as the reason for termination. Mr. De Leon stated that he was provided termination paperwork that he signed but he was not provided a copy. Mr. De Leon confirmed that the paperwork he signed stated he was terminated. Mr. De Leon stated he was confused in the process with what wording to use in the termination.

Commissioner LaBrie stated that she does have concern with the reason for the termination and maybe the Commission needs to hear more about the matter.

Commissioner LaBrie asked if there was a way the Bureau could reach out to the TGA again and ask if they could provide additional information.

Assistant Director Morrow stated that the Bureau had reached out previously and could reach out for additional information again.

Chief Counsel Vlaanderen discussed that Commission staff was reluctant to recommend the matter be referred to a GCA hearing if the sole basis is to litigate a sexual harassment claim.

Chief Counsel Vlaanderen discussed one thing that wasn't apparent in the information is whether Mr. De Leon applied for and obtained unemployment benefits as it may be an indication of whether he knew if he was laid off as opposed to terminated. Mr. De Leon stated he could not recall if he applied for unemployment benefits.

Assistant Director Morrow stated that the Bureau's background reflects that following the termination the applicant was supported by a family member.

#### Motion 1:

Upon motion of Commissioner Lacy, seconded by Commissioner To, in a vote by roll call with Commissioner LaBrie voting yes, Commissioner To voting yes, Commissioner Lacy voting no, and Chairman Evans voting no; the motion to approve the Initial Conversion License did not pass.

#### Motion 2 and Action:

Upon motion of Chairman Evans, seconded by Commissioner LaBrie, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, and Commissioner Lacy, voting yes, and Commissioner To voting no; the Commission approved to refer the matter to a GCA evidentiary hearing.

F. Pacific United Service, Inc.

Player: Tanisha Grant

#### Comments Received From:

Tanisha Grant, via telephone

Todd Vlaanderen Chief Counsel, Gambling Control Commission, in person

Commissioner Lacy expressed that both incidents appear concerning and the second incident resulted in an actual conviction and believes the matter may be most appropriately heard in a GCA evidentiary hearing forum.

Commissioner LaBrie also expressed concern regarding the two incidents. Commissioner LaBrie asked the applicant what she meant by she failed to report her earnings in a timely matter. Ms. Grant stated that she is supposed to report within a month however she reported it within three months. Ms. Grant stated that ordinarily it is deducted from the benefits and she is not certain why it was not. Ms. Grant

further explained that her criminal conviction was expunged and dismissed under criminal code 1203.4.

Chief Counsel Vlaanderen discussed the expungement process.

#### Action:

Upon motion of Commissioner Lacy, seconded by Commissioner To, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved to refer the matter to a GCA evidentiary hearing.

G. PT Gaming, LLC:

Player: Victoria Oblina

## Comments Received From:

Victoria Oblina, via telephone

Chairman Evans asked if Ms. Oblina agreed to the condition proposed to be placed on Ms. Oblina's License.

Ms. Oblina confirmed that she did.

#### Action:

Upon motion of Chairman Evans, seconded by Commissioner LaBrie, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the Initial Conversion License through May 31, 2021, with the condition noted below:

Beginning July 1, 2019 and every 90 days thereafter, Victoria Oblina must provide the Bureau of Gambling Control with proof of efforts to satisfy her first offender program and outstanding court fines.

11. Consideration of Renewal of Third Party Provider of Proposition Services Licenses (Pursuant to Business and Professions Code section 19984; CCR, Title 4, sections 12054 and 12218.8):

Metis TPS, LLC:

Player: Ri Min Deng

#### Comments Received From:

Ri Min Deng, via telephone

Edward #10313, Interpreter, via telephone

Yolanda Morrow, Assistant Director, Bureau of Gambling Control, in person Keith Sharp, Designated Agent, in person

Commissioner Lacy asked why didn't Mr. Deng disclose his 2018 DUI on his application.

Mr. Deng, through his interpreter, stated that he was following what his co-workers were doing.

Chairman Evans asked the Bureau if the applications are provided in different languages for applicants upon request that don't speak English.

Assistant Director Morrow responded no.

Chairman Evans asked had anybody at Metis assisted Mr. Deng on filling out the application in his own language of Cantonese.

Mr. Deng answered no through his interpreter.

Chairman Evans stated that there appeared to be a clear language barrier and he can understand the context behind Mr. Deng's application.

Chairman Evans stated that he would support Mr. Deng's application; however, he wants Mr. Deng to ensure that he seeks the assistance he needs when he does not understand anything on the application going forward.

Mr. Sharp on behalf of Metis stated that there are many people at Metis that speak several languages including Cantonese to help employees whenever they need it.

It was discussed that outreach to employees may be beneficial so that all employees are aware of the policy.

#### Action:

Upon motion of Chairman Evans, seconded by Commissioner To, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the Renewal Third Party License through May 31, 2021.

12. Consideration to Continue Condition(s) on Third-Party Provider of Proposition Player Services Registration (Pursuant to Business and Professions Code section 19824(b), and 19984(b)):

Fortune Players Group, Inc.

Chief Counsel Todd Vlaanderen stated for the record that he would step out of the room during discussion on this item as it may have factual overlap with litigation he is involved in.

#### Comments Received From:

Danielle Guard, Designated Agent/Attorney, in person

Chairman Evans asked if her clients accept the existing conditions for their renewal of Third Party Provider of Proposition Player Services Registration.

Ms. Guard confirmed that her clients did.

#### Action:

Upon motion of Commissioner To, seconded by Commissioner Lacy, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the existing conditions noted below, for placement on the Renewal Registration.

- 1. Rene Medina shall be prohibited from entering or being present in any areas on Fortune Players Group, Inc. property or any gambling establishments in which Fortune Player's Group, Inc. provides third party proposition player services.
- 2. Rene Medina shall be prohibited from working, providing services for, or contracting with Fortune Players Group, Inc. without prior Commission approval.
- 3. If Rene Medina is observed by a Fortune Players Group, Inc. employee or agent in a manner which violates condition 1, 2, or 4, the employee shall immediately report their observation to an owner or the manager-in-charge who shall within 30 minutes telephone (1) the California Gambling Control Commission (Commission), and (2) the Department of Justice, Bureau of Gambling Control (Bureau). The call to the Commission shall be made to the Executive Director at (916) 263-0700. The call to the Bureau shall be made to the Bureau Assistant Director at (916) 830-1700.
- 4. Any communication between Rene Medina and any shareholder or employee of Fortune Players Group, Inc. concerning the operation of the Fortune Players Group, Inc. shall be disclosed to the Executive Director and the Bureau Assistant Director of Licensing within one business day of the of the communication. This disclosures requirement applies to both oral and written communications. This disclosure must be made in writing. The owners shall maintain records documenting each disclosure for four years following the disclosure.
- 5. The owners shall exercise due diligence in ensuring compliance with all conditions.
- 13. <u>Consideration of Initial Tribal-State Compact Key Employee Finding of Suitability</u> (Pursuant to the Tribal-State Gaming Compact):

Rain Rock Casino - Karuk Tribe:

Tobias Morales III

#### Comments Received From:

Tobias Morales III, via telephone

Chairman Evans made a motion to deem the Initial Application abandoned.

Mr. Morales III asked if it was possible to take no action on his item as his Tribal Gaming Agency is trying to get his condition with them removed.

Chairman Evans then withdrew his motion.

No action was taken on this item. This item was tabled to a future Commission Meeting.

- 14. <u>Hearing Pursuant to Business and Professions Code Sections 19870 and 19871 and CCR</u>, Title 4, section 12060:
  - A. Default Decision and Order In the Matter of the Application for Approval of Third-Party Proposition Player Services License for Xiu Guo Zhang, (CGCC-2019-0124-10B)

## Comments Received From:

Jason Pope, Commission Staff Counsel III

Commission Staff Counsel Pope addressed the Commission and stated that Mr. Zhang submitted an application on June 20, 2016. The Commission considered this application and referred it to an evidentiary hearing on January 24, 2019. Mr. Zhang received notification of this hearing process in two ways. First, Commission staff sent out a Commission referral letter on January 25, 2019 with instructions to return the notice of defense within 15 days. Commission staff received no response to that. Then the Commission sent out a notice of hearing on March 6, 2019 which included today's date for the hearing and again Commission staff received no response. The decision for this is standard terms essentially stating Mr. Zhang failed to meet his burden of proof.

Chairman Evans called forth the applicant to ask if Mr. Zhang was present. The applicant was not present in person or by telephone

## Action:

Upon motion of Chairman Evans, seconded by Commissioner To, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the default decision.

B. Default Decision and Order In the Matter of the Application for Approval of Initial Regular Work Permit for Steve Hodge, (CGCC-2018-0906)

#### Comments Received From:

Russell Johnson, Commission Staff Counsel III

Commission Staff Counsel Johnson addressed the Commission and stated that on or about July 24, 2017, the Bureau of Gambling Control received the application for an initial regular work permit for Mr. Hodge. At the September 6, 2018 commission

meeting, the Commission voted to refer the consideration Mr. Hodges' application to a Gambling Control Act (GCA) evidentiary hearing. On or about September 7, 2018, Commission staff mailed an evidentiary hearing referral letter to Mr. Hodge via certified mail to his address of record. The letter included a blank notice of defense form with instructions to return it to the Commission within 15 days of receipt or the Commission may issue a default decision. Mr. Hodge timely submitted a signed Notice of Defense requesting an evidentiary hearing on the consideration of his application. On or about February 12, 2019, Commission staff then mailed a Notice of Hearing to Mr. Hodge via certified mail to his address of record. In the notice of hearing provided that the Gambling Control Act hearing on his application was set to occur on May 1, 2019 at 1:30 PM. On or about April 18, 2019, Mr. Hodge submitted a written statement to the Commission waving his right to an evidentiary hearing for the consideration of his application. The Commission then vacated the evidentiary hearing date for Mr. Hodges application and set a default hearing on Mr. Hodges application for today. The default decision order has been prepared for the Commission's consideration using standard language that Mr. Hodges failed to meet his burden of proving his suitability for licensure.

Chairman Evans called forth the applicant to ask if Mr. Hodge was present. The applicant was not present in person or by telephone.

#### Action:

Upon motion of Chairman Evans, seconded by Commissioner LaBrie, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the default decision.

15. Consideration of a) Transfer of Ownership Interest (Pursuant to Business and Professions Code sections 19824(c), 19892, and 19900) and b) Stipulated Settlement, Decision, and Order (Pursuant to Business and Professions Code section 19850 and 19852; CCR, Title 4, sections 12054 and 12350):

A. Star's Casino: Joseph Melech, (Transferor)

Monica Melech, (Transferor) Stars Gaming, Inc., (Transferee)

#### Comments Received From:

Keith Sharp, Designated Agent/Attorney for Emmanuel Macalino, in person John Cammack, Designated Agent/Attorney for John and Monica Melech, in person

It was announced that no action would be taken on item 15A before considering item 15B and the Commission would adjourn into closed session to consider item 15B and return to address item 15A. The Commission entered into closed session at 11:45 AM and reconvened from Closed Session at 11:54 AM

Chairman Evans asked if the parties understood the conditions related to Item 15A under Option Two.

Mr. Sharp and Mr. Cammack on behalf of their clients confirmed that they did understand and will comply with the conditions.

#### Action:

Upon motion of Chairman Evans, seconded by Commissioner LaBrie, and carried in a vote by roll call with Chairman Evans, Commissioners LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the Transfer of Ownership Interest with the conditions noted below:

- 1. Legend on Certificates Stock in the Corporation. If the Commission approves and the transactions close, the Corporation will be endorsed on the Card Room's license. Approval should be conditioned upon the Corporation confirming to the Commission, with a copy to the Bureau, within 15 days after the closing, amendment of the corporate bylaws to provide for legending in accordance with the provisions of Business and professions Code section 19882, subdivision (c) and that any certificates evidencing the shares that were issued to Mr. Macalino and the Melechs have ben appropriately legended.
- 2. Additional Legend on Certificate Evidencing Stock in the Corporation Business and Professions Code section 19904 voids any purported sale or other disposition of a security issued by a corporate licensee that the Commission did not approve in advance. Approval of the contemplated transactions should be conditioned upon the Corporation confirming to the Commission, with a copy to the Bureau, within 15 days after the closing, that any certificates evidencing the shares issued were legended as follows:

THIS CERTIFICATE REPRESENTS A SECURITY ISSUED BY A CORPORATION THAT HOLDS A GAMBLING LICENSE PURSUANT TO THE LAWS OF THE STATE OF CALIFORNIA. THE SECURITY MAY NOT BE TRANSFERRED, ASSIGNED, SOLD, PLEDGED, HYPOTHECATED, OR DISPOSED OF WITHOUT THE PRIOR APPROVAL OF THE CALIFORNIA GAMBLING CONTROL COMMISSION OR ITS SUCCESSOR.

#### 3. Statement of Closing Transactions

Approval of the contemplated transactions should be conditioned upon, within 15 days after closing, the Corporation providing to the Commission, with copies to the Bureau, copies of (a) all closing documents, including, without limitation, an escrow statement, bills of sale, and any assumption agreements required under ACA section 7.3(d), and (b) all transaction documents, fully executed by the parties, including without limitation any schedules or exhibits.

## 4. Written Confirmations

Approval of contemplated transactions should be conditioned upon, within 15 days after closing, each of the parties confirming in writing to the

Commission, with copies to the Bureau: (a) no corporate transferor exists and that they have fully disclosed all parties to the ACA, the Exchange Agreement, and the Shareholder Agreement; (b) the consideration paid by Mr. Macalino for shares in the Corporation is valid and benefits the Corporation under the Corporations Code and specifically under section 409 therof; (c) the Corporation assumed only liabilities of the Card Room and not any of the Melechs' or Mr. Macalino's liabilities as individuals.

## 5. Pre-Closing Liabilities

Approval of the contemplated transactions should be conditioned upon, within 15 days after closing, the Corporation providing to the Commission, with copies to the Bureau, a written statement (a) as to whether it is assuming any liabilities of the Card Room arising before the closing and (b) if so, what pre-closing liabilities were assumed.

- 6. No Material Change in the Contemplated Transactions
  Approval of the contemplated transactions should be conditioned upon,
  within 15 days after closing, the Corporation confirming in wiring to the
  Commission, with a copy to the Bureau, that the parties made no material
  change to the transactions and the transactions were substantially the
  same as approved by the Commission.
- 7. Chips-in Use, Player-Bank and Player-Funded Jackpot Liabilities The parties shall incorporate a Commission-approved plan to resolve the outstanding chip liability into their sales transfer transaction. If the parties assume the chip liability, no additional Commission review is necessary, the parties would include within the contractual closing documents, documentation to affirm the parties will assume the outstanding chip liability.
- B. In the Matter of the Accusation Against: Star's Casino, Joseph A. Melech, Monica M. Melech, (BGC-HQ2017-00002AL), (CGCC-ACC-2017-0714); and In the Matter of the Statement of Issues Against: Star's Casino, Star's Gaming, Inc., Joseph A. Melech, Monica M. Melech, Emmanuel Macalino, (BGC-HQ2018-00030SL), (CGCC-2017-1218-8)

## Comments Received From:

Bill Torngren, Deputy Attorney General, Department of Justice, in person Todd Vlaanderen, Chief Counsel, California Gambling Control Commission, in person

Chief Counsel Vlaanderen presented the matter to the Commission. In his summary Chief Counsel Vlaanderen stated that on July 14, 2017, the Bureau filed accusation against Star's Casino, Monica Melech, and Joseph Melech. On December 17 2017, the Commission referred Initial State Gambling License applications for Star's Gaming Inc., Monica Melech, Joseph Melech, and Emmanuel Macalino to an evidentiary hearing to be consolidated with the accusation. On March 2, 2019, the Bureau submitted a Stipulated Settlement Decision and Order to the Commission

proposing to resolve both the accusation and the pending applications that were originally scheduled for the May 16, 2019 meeting, and then rescheduled to today so that it could be considered the same time as 15A, the related sales transaction.

Commissioner LaBrie sought to confirm that with the reorganization there is nothing within the agreement which requires the parties to sell their interests.

Mr. Torngren confirmed no parties would be required to sell.

The Commission adjourned into closed session at 11:45 AM and reconvened from Closed Session at 11:54 AM.

The Commission announced the proposed settlement was approved in closed session.

#### **CONSENT CALENDAR ITEMS:**

16. <u>Consideration of Renewal Portable Personal Key Employee License (Pursuant to Business and Professions Code section 19854; CCR, Title 4, sections 12054 and 12351):</u>

Cary Lee

- 17. Consideration of Initial Work Permit (Pursuant to Business and Professions Code section 19912; CCR, Title 4, sections 12054 and 12104):
  - A. Empire Sportsmen's Association: Lindsey Cummings Matthew Foster

B. The Nineteenth Hole: Ong ThaoC. Towers Casino: Kayla Amato

- 18. Consideration of Conversion of Third-Party Providers of Proposition Player Services Registrations to License (Pursuant to Business and Professions Code section 19984; CCR, Title 4, sections 12054 and 12218):
  - A. Acme Players Services, LLC:

Players: Gustavo Davila Brittany Faciane Yongpeng Guo

Kevin Suh

B. Blackstone Gaming, LLC:

Players: Jessica Araujo Richard Arteaga Jhoselyne Barrera-Estrada

Efren Caacbay Carlos Castillo Nicolas Mendoza Nicole Osorio Daniella Rodriguez Javier Rodriguez Russhell Schmidt Yanira Valencia Brian Vampola

C. Fortune Players Group, Inc.:

Player: Winnie Su

D. Gaming Fund Group, Inc.:

Players: Yen Hoang Ha Quan

E. Knighted Ventures, LLC:

Players: Braulio Ayon Noriega Erik Azpeita Valeria

Cabrera

Veronica Ceja Patrick Chan Kemuel Edmond

Precyrose Galang Minerva Grealis Brittany Kilgore Ashley Laveine Cassandra Maupin Patricia Mumford Blake Okumura Samantha Ouk Monica Shen Jerry Vang Sophana Vath Maribel Gonzales Ashley Laveine Blake Okumura Jasdeep Singh Eloisa Villa-Real

F. Majesty Partners, LLC:

Players: Archie Hernandez Ronald Mendelow

G. Metis TPS, LLC:

Players: Lonnie Akers Weiguang Chen Esmeralda Hernandez

Miaona Liang Chien Ching Tu Laura Xu

GuiLan Zhao

H. Pacific United Service, Inc.:

Players: Yaguan Ling Yamei Pan

I. PT Gaming, LLC:

Players: Subeksha Adhikari James Beverley Angie Bounmy

Marissa Saplan Rui Fang Woo

J. Qualified Player Services, LLC:

Player: Darius Jones

# 19. <u>Consideration of Initial Tribal-State Compact Key Employee Finding of Suitability (Pursuant to the Tribal-State Gaming Compacts):</u>

A. Elk Valley Casino - Elk Valley Rancheria:

Steven Lewis

B. Garcia River Casino - Manchester Band of Pomo Indians of the Manchester Rancheria:

Scott Ignacio

C. Harrah's Resort Southern California - Rincon Band of Luiseno Mission Indians of the Rincon Reservation:

Behnaz Houshmand Jonathan Morales

D. Pala Casino Spa and Resort - Pala Band of Luiseno Mission Indians of the Pala Reservation:

Jessica Hernandez

E. Pechanga Resort & Casino - Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation:

Tim Sarol

F. Rain Rock Casino - Karuk Tribe:

Stephen Paino

G. River Rock Casino - Dry Creek Rancheria Band of Pomo Indians:

Javier Ramirez

H. San Manuel Casino - San Manuel Band of Mission Indians:

Maria Tellez Jimenez

I. Soboba Casino Resort - Soboba Band of Luiseno Indians:

Thomas Riesgo

J. Sycuan Casino and Resort - Sycuan Band of the Kumeyaay Nation:

Joseph Villarino Richard Wyllie Jr.

K. Table Mountain Casino - Table Mountain Rancheria:

Taylor Phillips Collin Xiong

L. Tachi Palace Hotel and Casino - Santa Rosa Indian Community:

Thomas Hanes Va Thor

M. Thunder Valley Casino Resort - United Auburn Indian Community of the Auburn Rancheria:

David Horton Quoc Truong

N. Tortoise Rock Casino - Twenty-Nine Palms Band of Mission Indians: Shelby May

O. Valley View Casino & Hotel - San Pasqual Band of Diegueno Mission Indians:

David Davis Charles Matanane

# 20. <u>Consideration of Renewal Tribal-State Compact Key Employee Finding of Suitability</u> (Pursuant to the Tribal-State Gaming Compacts):

A. Agua Caliente Casino Resort and Spa Rancho Mirage - Agua Caliente Band of Cahuilla Indians:

Daniel Clinard

B. Augustine Casino - Augustine Band of Cahuilla Indians:

Donna Clifford Humberto Murillo

C. Barona Resort and Casino - Barona Group of Capitan Grande Band of Mission Indians:

Luis Barragan Gerald Bly Jr. Jay Chang

Josilyn Danna-Gutierrez Andrew Haase Phillip Hinds

Bronson Oliver Elena Rubalcaba Graciela Soto

Marina Valdez

D. Bear River Casino Hotel - Bear River Band of the Rohnerville Rancheria:

Jordan Grace-Reyna-Sanchez John McGinnis

Marcela Sada

E. Cache Creek Casino Resort - Yocha Dehe Wintun Nation:

Ryan Miller

F. Casino Pauma - Pauma Band of Luiseno Mission Indians of the Pauma & Yuima Reservation:

Jake Cook Jr. Italia Diaz Angela Moy

Steven Ramuno Julian Rodriguez

G. Cher-Ae Heights Casino - Cher-Ae Heights Indian Community of the Trinidad Rancheria:

Raymond Bacon Jr Rachael Gleaton

H. Chukchansi Gold Resort and Casino - Picayune Rancheria of Chukchansi Indians:

Viengsavanh Chaleunrath Alberto Gonzalez Jr.

Joe Xiong

I. Colusa Casino Resort - Cachil DeHe Band of Wintun Indians of the Colusa Indian Community of the Colusa Rancheria:

Stephen DeWitt

J. Diamond Mountain Casino & Hotel - Susanville Indian Rancheria:

Janet Spalding

- K. Eagle Mountain Casino Tule River Indian Tribe of the Tule River Reservation: Jose Cruz
- L. Graton Resort & Casino Federated Indians of Graton Rancheria:

Vladimir Belokrylov Debbie Butler Ann Caldwell

Rogelio Castillo Fernandez Savin Chhoy Laura Delgado

Alma Delgado Gamino Yusuf Dogan Nabin Ghimire Raj Giri Michael Heinzmann Jaekoo Jun Tha Lam Teresa Lazo Jayson Manese

M. Harrah's Resort Southern California - Rincon Band of Luiseno Mission Indians of the Rincon Reservation:

Erik Donsanouphith Tracy Freeman Yu Gao Virginia Heflin Wenyan Lu Albino Ong

Beau Swanson

N. Jackson Rancheria Casino Resort - Jackson Rancheria of Me-Wuk Indians:

Walter Ebbett IV Shannon Gibson Jennifer Jones

William Mehrer Christina Rullhausen

O. Konocti Vista Casino - Big Valley Band of Pomo Indians of the Big Valley Rancheria:

Raul Rojas

P. Mono Wind Casino - Big Sandy Rancheria Band of Western Mono Indians: Jared Kerbow

Q. Morongo Casino Resort and Spa - Morongo Band of Mission Indians:

Michael Bigham Jean Byrum Jeromi Cape

Terrance Duarte

R. Pala Casino Spa and Resort - Pala Band of Luiseno Mission Indians of the Pala Reservation:

Joseph Argerich Stephanie Dancz Justin Hardin
Thanh-Ha Le Joshua Minckler Gabriel Rodarte

Steven Woodward

S. Pechanga Resort & Casino - Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation:

Elroy Best Randy Boutell Graciela Flores
Jonathan Gracen Robert Hawkins Lisa Heinrich
John Kenefick Carl Pule Jr. Andrew Randles
Ronald Schatzle Summer Silva Jayne Stern

Ting Yeung

T. Red Hawk Casino - Shingle Springs Band of Miwok Indians, Shingle Springs Rancheria:

Robert Almo Arnel Calagui Terry Contreras
Richard Hudson Hugh McKiernan Erin Nemeth
Thanh Nguyen Fam Saelee Leonard Steckler

Kevin Tolliver Sadaro Yon Fnu Yuddy

U. River Rock Casino - Dry Creek Rancheria Band of Pomo Indians: Linda Somersall

V. San Manuel Casino - San Manuel Band of Mission Indians:

Minh Pham

W. Sycuan Casino and Resort - Sycuan Band of the Kumeyaay Nation:

Paul Chant Qi Chen Dylan Connell
Rene De Ocampo Monica Ellis Jorge Guerrero Jr.
Erika Hoffard Roberto Jardiniano Lela Sandoval

X. Table Mountain Casino - Table Mountain Rancheria:

Joey Abbs

Y. Thunder Valley Casino Resort - United Auburn Indian Community of the Auburn Rancheria:

Ruben Aranda Ivan Au Anthony Duran Elise Lehr Khieng Lenh Jonathan Medina

Kathryn Thompson Lin Voong My Yang

Z. Valley View Casino & Hotel - San Pasqual Band of Diegueno Mission Indians: Donella Aumondreaux Donald Haig Jr.

AA. Viejas Casino and Resort - Viejas Group of Capitan Grande Band of Mission Indians of the Viejas Reservation:

Erin Espinoza Tauba Gonzales Maniphone Phengmixay

Sasha Salganick Wisam Shamo-G Leslie Turbin

BB. Win-River Casino - Redding Rancheria: Gary Hayward Jr. Kathleen Nunez

#### Action:

Upon motion of Commissioner Lacy, seconded by Commissioner To, and carried in a vote by roll call with Chairman Evans, Commissioner LaBrie, Commissioner Lacy, and Commissioner To voting yes; the Commission approved the Consent Calendar items 16 through 20.

## PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA:

None.

## **CLOSED SESSION DISCLOSURE:**

Chairman Evans disclosed that the Commissioners would meet in Closed Session on the following items:

## II. Hearing Deliberations Pursuant to Government Code Section 11126(c)(3):

- B. In the Matter of the Application for Approval of Initial Regular Work Permit for Linh Ngo, (GCADS-GEWP-002630)
- H. In the Matter of the Application for Approval of Third-Party Proposition Player Services License for Cindy Quiroz Yanez, (CGCC-2018-1101-10A)
- I. In the Matter of the Application for Approval of Third-Party Proposition Player Services License for Lloyd Derek Marin, Jr., (CGCC-2018-1115-9D)
- J. In the Matter of the Accusation Against: Star's Casino, Joseph A. Melech, Monica M. Melech, (BGC-HQ2017-00002AL), (CGCC-ACC-2017-0714); and In the Matter of the Statement of Issues Against: Star's Casino, Star's Gaming, Inc., Joseph A. Melech, Monica M. Melech, Emmanuel Macalino, (BGC-HQ2018-00030SL), (CGCC-2017-1218-8)

## <u>Litigation (Government Code section 11126(e)):</u>

- A. Stand Up For California, et al. v. State of California, et al., Madera County Superior Court (MCV062850)
- B. *Eric G. Swallow v. California Gambling Control Commission*, Sacramento County Superior Court (34-2016-800002402)
- C. Garden City, Inc. v. Eric Swallow, Sacramento County Superior Court (34-2016-00198132)

- D. Lucky Chances, Inc. v. California Gambling Control Commission, Sacramento County Superior Court (34-2017-80002549)
- E. Rene Medina v. Xavier Becerra, Jim Evans, et a/.; United States District Court, Northern District of California (17-cv-03293 KAW)
- F. California Valley Miwok Tribe v. California Gambling Control Commission et al.; San Diego County Superior Court (37-2017-00050038-MU-CO-CTL)
- G. Tongtoua Yang v. California Gambling Control Commission et al.; Sacramento County Superior Court (34-2017-80002744)
- H. Callaye Jo Strauss v. California Gambling Control Commission, Sacramento County Superior Court (34-2018-80002882)
- Yavapai-Apache Nation v. La Posta Band of Diegueno Mission Indians and California Gambling Control Commission, Sacramento Superior Court (34-2018-00238711)
- J. Manuel Corrales, Jr. v. California Gambling Control Commission, San Diego County Superior Court (37-2019-00019079-CU-MC-CTL)

## II. Hearing Deliberations Pursuant to Government Code section 11126(c)(3):

- A. In the Matter of the Accusation and Statement of Issues Against Lucky Chances, Inc., Rommel Medina, Ruell Medina, (OAH No.201511046)
- B. In the Matter of the Application for Approval of Initial Regular Work Permit for Linh Ngo, (GCADS-GEWP-002630)
- C. In the Matter of the Application for Approval of Gambling Establishment Key Employee License for Christopher Stigers, (CGCC-2018-0823-8A)
- D. In the Matter of the Application for Approval of Third-Party Proposition Players Services License for Derek M. Gaxiola, (CGCC-2018-0111-11C)
- E. In the Matter of the Application for Approval of State Gambling License for Kris Kat, LLC, and Steven C. Ayers, (CGCC-2018-0111-5A)
- F. In the Matter of the Application for Approval of State Gambling License for Sahara Dunes Casino, LP, dba Lake Elsinore Hotel and Casino; Ted Kingston; Joseph Kingston; and Sahara Dunes Management, Inc. (OAH No.2017070210)
- G. In the Matter of the Application for Approval of Third-Party Proposition Player Services License for Angela Ha Hoang, (CGCC-2018-0510-7Ei)
- H. In the Matter of the Application for Approval of Third-Party Proposition Player Services License for Cindy Quiroz Yanez, (CGCC-2018-1101-10A)
- I. In the Matter of the Application for Approval of Third-Party Proposition Player Services License for Lloyd Derek Marin, Jr., (CGCC-2018-1115-9D)
- J. In the Matter of the Accusation Against: Star's Casino, Joseph A. Melech, Monica M. Melech, (BGC-HQ2017-00002AL), (CGCC-ACC-2017-0714); and In the Matter of the Statement of Issues Against: Star's Casino, Star's Gaming, Inc., Joseph A. Melech, Monica M. Melech, Emmanuel Macalino, (BGC-HQ2018-00030SL), (CGCC-2017-1218-8)
- K. Default Decision and Order In the Matter of the Application for Approval of Third-Party Proposition Player Services License for Xiu Guo Zhang, (CGCC-2019-0124-10B)
- L. Default Decision and Order In the Matter of the Application for Approval of Initial Regular Work Permit for Steve Hodge, (CGCC-2018-0906)

## **ADJOURNMENT:**

Chairman Evans made a final adjournment of the Commission Meeting into Closed Session at 11:59 AM.