

California Gambling Control Commission  
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2399 Gateway Oaks Drive, Suite 100  
Sacramento, CA 95833  
Wednesday, June 4, 2003

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## MINUTES OF JUNE 4, 2003 COMMISSION MEETING

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### OPEN SESSION

Commissioner Smith called the meeting of June 4, 2003, to order at 1:34 p.m. with Commissioners Palmer and Sasaki present.

Staff Participating: Gary Qualset, Deputy Director, Licensing and Compliance Division; and Peter Melnicoe, Chief Counsel, Herb Bolz, Senior Legal Counsel and Regulations Coordinator, John Spittler, Commission Counsel, and Cara Podesto, Manager, Licensing Section.

Commissioner Smith opened with introductory remarks to acknowledge the presence of Harlan Goodson, Director, Division of Gambling Control, at the meeting.

Upon motion of Commissioner Palmer, seconded by Commissioner Sasaki and unanimously carried with Commissioners Palmer, Sasaki and Smith voting yes, the Commission approved the May 5, 2003, Commission Meeting Minutes.

### DECISION ITEMS

1. Application for Work Permit – Request for Withdrawal:
  - a. Empire Sportsmen Association:  
Koy, Sokhon

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval with prejudice the request for withdrawal of the application for a work permit for Item 1a, Sokhon Koy. Upon motion of Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Commissioners Palmer, Sasaki and Smith voting yes, the Commission approved

with prejudice, the request for withdrawal of the application for a work permit for Item 1a, Sokhon Koy.

2. Applications for Work Permit:
  - a. Empire Sportsmen Association:  
Suon, Chanthou
  - b. Gold Rush Gaming Parlor:  
Farrell, Debra
  - c. Lake Bowl Casino:  
Stevenson, Tara
  - d. Napa Valley Casino:  
Cooper, Macaria
  - e. Sonoma Joes:  
Struthers, Jason

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the applications for a work permit for Item 2a, Chanthou Suon, Item 2b, Debra Farrell, Item 2c, Tara Stevenson, and Item 2d, Macaria Cooper. Upon motion of Commissioner Palmer, seconded by Commissioner Sasaki and unanimously carried with Commissioners Palmer, Sasaki and Smith voting yes, the Commission approved the applications for a work permit for Item 2a, Chanthou Suon, Item 2b, Debra Farrell, Item 2c, Tara Stevenson, and Item 2d, Macaria Cooper.

Deputy Director Qualset indicated that the Division of Gambling Control recommends that the application for a work permit for Item 2e, Jason Struthers, be denied under Business and Professions Code section 19848A(a), and 19850A(a)(2) and (4), (renumbered in 2003 to: 19859(a) and (b)). Deputy Director Qualset further indicated that Commission staff recommends that the application for a work permit for Item 2e, Jason Struthers be denied as well, under Business and Professions Code section 19912(d) and Section 12105(a)(1) of Title 4 of the California Code of Regulations. Upon motion of Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Commissioners Palmer, Sasaki and Smith voting yes, the Commission denied the application for a work permit for Item 2e, Jason Struthers.

3. Applications for Key Employee License – Request for Withdrawal:
  - a. Cameo Club:  
Chao, Chamroeun
  - b. Club One:  
May, Frank
  - c. Hustler Casino:  
Kui, Kin

Commission staff recommend an approval, with prejudice, of the request for withdrawal of an application for a key employee license for Item 3a, Chamroeun Chao. Upon motion of Commissioner Palmer, seconded by Commissioner Sasaki and unanimously carried with Commissioners Palmer, Sasaki and Smith voting yes, the Commissioner approved, with prejudice, the request for withdrawal of the application for a key employee license for Item 3a, Chameroeun Chao.

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend an approval, without prejudice, of the request for withdrawal of the application for a key employee license for Item 3b, Frank May. Deputy Director Qualset further indicated that upon approval of the request for withdrawal, staff would request that a refund of any unearned background investigation deposit be made to the payor. Upon motion of Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Commissioners Palmer, Sasaki and Smith voting yes, the Commission approved, without prejudice the request for withdrawal of the application for a key employee license for Item 3b, Frank May.

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend an approval, without prejudice, of the request for withdrawal of the application for a key employee license for Item 3c, Kim Kui. Upon motion of Commissioner Sasaki, seconded by Commissioner Smith and unanimously carried with Commissioners Palmer, Sasaki and Smith voting yes, the Commission approved the request for withdrawal of the application for a key employee license for Item 3c, Kim Kui.

4. Applications for Key Employee License:
  - a. Artichoke Joe's:  
Brennan, Kenneth
  - b. Bay 101:  
Deeb, Susan  
Skidmore, Charles
  - c. Garden City Casino:  
Jenkins, Roger

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the applications for a key employee license for Item 4a, Kenneth Brennan, Item 4b, Susan Deeb and Charles Skidmore, and Item

4c, Roger Jenkins. Upon motion of Commissioner Palmer, seconded by Commissioner Sasaki and unanimously carried with Commissioners Palmer, Sasaki and Smith voting yes, the Commission approved the applications for a key

employee license for Item 4a, Kenneth Brennan, Item 4b, Susan Deeb and Charles Skidmore, and Item 4c, Roger Jenkins.

5. Applications for State Gambling License:
  - a. Casino Real: Ernest Schmiedt, Sole Proprietor.

Deputy Director Qualset indicated that the Division of Gambling Control recommends approval of the application for a state gambling license for Item 5a, Casino Real, and contingent on the receipt of additional table fees for gambling establishment, Commission staff concurs with the Division's recommendation. Upon motion of Commissioner Sasaki, seconded by Commissioner Smith and unanimously carried with Commissioner Sasaki, Palmer and Smith voting yes, the Commission approved the application for a state gambling license for Item 5a, Casino Real, contingent on the receipt of additional table fees.

6. Applications for Renewal of State Gambling License:
  - a. Bay 101: Sutter's Place Inc., A Corporation.
  - b. Bruce's Casino: John Curtis Gallo, Sole Proprietor.
  - c. Don Juan Club: Juan Jose Guzman, Sole Proprietor.
  - d. Jalisco Pool Room: Rafael P. Quiroga, Sole Proprietor.

Deputy Director Qualset indicated that Item 3a, Bay 101, was previously issued a three-month temporary license pending receipt of additional information requested from the Division of Gambling Control. Deputy Director Qualset also indicated that Commission staff recommends approval of an additional three-month temporary license through September 30, 2003, because a response from the Division is still pending. Upon motion of Commissioner Palmer, seconded by Commissioner Sasaki and unanimously carried with Commissioners Palmer, Sasaki and Smith voting yes, the Commission approved a temporary three-month renewal of the state gambling license through September 30, 2003, for Item 6a, Bay 101.

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of a state gambling license for Item 6b, Bruce's Casino. Upon motion of Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Commissioners Palmer, Sasaki and Smith voting yes, the Commission approved the application for

renewal of a state gambling license for Item 6b, Bruce's Casino.

Deputy Director Qualset indicated that Item 6c, Don Juan Club, was previously issued a temporary license pending resolution of concerns noted resulting from an audit and review of gambling activity practices of the licensee. Staff has worked diligently with licensee to remedy noted concerns and has received satisfactory

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results in the response obtained from licensee. Deputy Director Qualset further indicated that staff recommends approval of the application for renewal of the state gambling license for Item 6c, Don Juan Club, for the remaining term of the license through November 30, 2003. Upon motion of Commissioner Palmer, seconded by Commissioner Sasaki and unanimously carried with Commissioner Palmer, Sasaki and Smith voting yes, the Commission approved the application for renewal of the state gambling license for Item 6c, Don Juan Club, for the remaining term of the license through November 30, 2003.

Deputy Director Qualset indicated that both the Division of Gambling Control and Commission staff recommend approval of the application for renewal of a state gambling license for Item 6d, Jalisco Pool Room. Upon motion of Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Commissioners Palmer, Sasaki, and Smith voting yes, the Commission approved the application for renewal of a state gambling license for Item 6d, Jalisco Pool Room.

7. Readoption of Proposed Uniform Tribal Gaming Regulation CGCC-2 Revision No. 1 (Registration of Qualified Holders of Bonds and Participations) and Adoption of Written Responses to Objections of the Association of Tribal and State Gaming Regulators to CGCC-2 Revision No. 1, for Submission to all Compact Tribes (Tribal and State Gaming Compact Section 8.4.1 (b) & (c)).

Chief Counsel Melnicoe presented Item 7 to the Commission for its consideration of readoption of proposed Uniform Tribal Gaming Regulation CGCC-2 Revision No. 1, pursuant to Section 8.4.1(b) of the Tribal-State Gaming Compacts. Chief Counsel Melnicoe indicated that the purpose of CGCC-2 Revision No.1 is to extend the regulation to apply its registration procedure for making findings of suitability under Section 6.5.6 of the Tribal-State Gaming Compacts for financial sources to include holders of participations in loans originated by federally or state-regulated lending institutions. CGCC-2 Revision No. 1 was rejected by the Association of Tribal and State Gaming Regulators at its meeting of April 23, 2003.

Commission Counsel John Spittler presented an oral report responding to each

objection to CGCC-2 Revision No. 1 raised by delegates to the Association of Tribal and State Gaming Regulators.

Chief Counsel Melnicoe stated that discussions were ongoing concerning alternative means to accomplish the purposes of proposed CGCC-2 Revision No. 1.

Commissioner Palmer suggested entering into Memorandums of Understanding (MOU) or Memorandums of Agreement (MOA) as an alternate solution for those tribes wishing to adopt CGCC-2 Revision 1 as applicable to their tribe.

Commissioner Palmer also indicated that the Commission should request an opinion from the Attorney General regarding this possibility, and further indicated that communication with the Governor's Office regarding this matter was necessary.

Commissioner Smith indicated that discussions have been ongoing with the Governor's Office regarding the use of a Memorandum of Agreement, and pending the outcome, the Commission would defer action on Item 7. No further action was taken by the Commission on this item. A copy of proposed CGCC-2 Revision 1 is incorporated into these minutes as Attachment A.

8. Proposed Regulation: Development and Implementation of Emergency Preparedness Plans for Gambling Establishments (Gambling Control Act).  
(Continued Item)

Herb Bolz, Senior Legal Counsel and Regulations Coordinator, presented the proposed regulation under the Gambling Control Act concerning Development and Implementation of Emergency Preparedness Plans for Gambling Establishments, and talked briefly about the regulations purpose.

Commissioner Sasaki indicated that Commission staff had been directed to contact both the Golden State Gaming Association and the Gaming Policy Advisory Committee to solicit input on the proposed regulation, and asked Mr. Bolz if the Commission had received any responses.

Mr. Bolz indicated that comments on the proposed regulation had been received by staff and were reflected in the text of the regulation being proposed.

James Kawahara, Attorney, Holland & Knight, inquired about comments to the proposed regulation that were received from the Gaming Policy Advisory Committee and Golden State Gaming Association.

Upon motion of Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Commissioners Palmer, Sasaki and Smith voting yes, the Commission approved the Finding of Emergency for emergency adoption of the proposed regulation, and the proposed regulation: Development and Implementation of Emergency Preparedness Plans for Gambling Establishments, under the Gambling Control Act.



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

9. Proposed Regulation: Problem Gambling (Gambling Control Act).

Herb Bolz, Senior Legal Counsel and Regulations Coordinator gave an oral report on the status of the proposed regulation under the Gambling Control Act concerning Problem Gambling, indicating that the proposed regulation had been presented to the Gaming Policy Advisory Committee who, subsequent to a vote by the Committee, recommends the proposed regulation to the Commission.

At the request of Commissioner Sasaki, John Spittler, Commission Counsel, gave an oral report regarding ongoing communications with the Horse Racing Board and the California Lottery Commission concerning problem gambling.

Mr. Bolz requested that Item 9 be continued, indicating that staff had begun the regular rulemaking process for implementation of the regulation, to be presented for Commission action at a later date.

10. Proposed Uniform Tribal Gaming Regulation: Program to Address Problem Gambling. (Continued Item)

Commissioner Smith announced that Item 10 was being removed from the Commission agenda and would be re-presented to the Commission for action at a future date.

11. Final Adoption of CGCC-7 (Emergency Evacuation and Preparedness Plans) as Previously Transmitted to Compacted Tribes April 25, 2003, for Comments Pursuant to Compact Section 8.4.1(b) and (c) and Consideration of those Comments.

Chief Counsel Melnicoe presented Item 11 to the Commission for consideration of final adoption of CGCC-7 following override by the Commission of the rejection of CGCC-7 by the Association of Tribal and State Gaming Regulators. Chief Counsel Melnicoe presented CGCC-7 with minor revisions responsive to comments received from tribes pursuant to Section 8.4.1(c) of the Tribal-State Gaming Compacts subsequent to the Commission's transmission of CGCC-7 on April 25, 2003. Chief Counsel Melnicoe presented staff's recommendation for a proposed motion for action on CGCC-7 as follows:

*Based upon consideration of the comments received from the tribes pursuant to Compact section 8.4.1(c), I move that the Commission re-adopt proposed regulation CGCC-7 with the additional amendments before the Commission and resubmit CGCC-7 as so revised to the*

*compacted tribes as provided in Section 8.4.1, subdivision (c), for further comment.*

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Commissioner Palmer commented in opposition to the proposed motion recommended by staff, indicating that the Association of Tribal and State Gaming Regulators had not had an opportunity to review the proposed amended version of CGCC-7, therefore CGCC-7, as proposed and with additional amendments, should be re-transmitted to the Association of Tribal and State Gaming Regulators for its consideration of the proposed regulation.

Commissioner Sasaki, in support of the motion recommended by staff, voiced concerns that re-submitting proposed regulation CGCC-7 to the Association of Tribal and State Gaming Regulators would cause further extensive delays in implementation of the proposed regulation for Emergency Evacuation and Preparedness Plans and further indicated that the implementation process of CGCC-7 thus far has already exceeded a year.

Scott Gessford, Commissioner, Colusa Indian Gaming Commission, commented on proposed regulation CGCC-7, indicating a possibility that the Association of Tribal and State Regulators might consider waving the 30-day notice period and entertain consideration of the regulation at the upcoming June meeting.

James Kawahara, Attorney, Holland & Knight, inquired about the time-frame, under the Administrative Procedure Act, in which the parallel regulation effecting cardrooms, for Emergency Evacuation and Preparedness Plans, would go into effect. Mr. Kawahara further commented that not re-submitting proposed regulation CGCC-7 would result in an inconsistency of two versions of CGCC-7.

Katherine Clenney, Commissioner, Barona Indian Gaming Commission, commented on proposed regulation CGCC-7, urging the Commission to follow Commissioner Palmer's suggestion to re-submit the proposed regulation to the Association of Tribal and State Gaming Regulators for its consideration.

Commissioner Sasaki, indicating that the common goal of both the Commission and the Gaming Tribes should be to protect and ensure public safety, moved to adopt staff's recommendation. The motion was seconded by Commissioner Smith but failed to carry, with Commissioners Sasaki and Smith voting yes, and Commissioner Palmer voting no. The Commission deferred further consideration of this matter.

A copy of CGCC-7, with revisions and as presented to the Commission is incorporated into these minutes as Attachment C.

11. Proposed Commission Meeting Schedule

Manager Podesto presented to the Commission a proposed schedule of Commission meetings for the remaining six months of 2003. The Commission took no action on the proposed schedule, which was presented for the sole purpose of providing information. A copy of the proposed Commission meeting schedule is incorporated into these minutes as Attachment D.

CONSENT CALENDAR ITEMS

Applications for Tribal-State Compact Key Employee Finding of Suitability:

- a. Agua Caliente Band of Cahuilla Indians of the Agua Caliente Reservation – Agua Caliente Casino:

Castro, Jose	Chavarria, Omar
Claymier, Diane	Federman, Cecilia
Galvin, Robert	Ibarra, Guillermo
Longoria, Raul	Rainey, Estelle
Rankin, James	Smith, Margaret
Smith, Mark	Tegano, Dominic
  
- b. Chemehuevi Indian Tribe of the Chemehuevi Reservation – Havasu Landing Resort and Casino:

Street, Anita	Worley, Valerie
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- c. Jackson Rancheria of Me-Wuk Indians of California – Jackson Rancheria:

Cates, Connie	Harvey, Ken
Zysman, Jason	
  
- d. Rumsey Indian Rancheria of Wintun Indians – Cache Creek Indian Bingo & Casino:

Kane, Max	Keopraseut, Mike
Kuoch, Charlie	Morgenthaler, Paul
Pham, Hungze	Pham, Jay
Rembish, Tracy	Schulte, Kathleen
Sertaangh, Quincy	Simmons, Aaron

Tavassoli, Saeed

- e. Smith River Rancheria – Lucky 7 Casino:  
Hernandez, David

- f. Viejas (Baron Long) Group of Capitan Grande of Mission Indians of the Viejas Reservation – Viejas Casino and Turf Club:
- |                         |                   |
|-------------------------|-------------------|
| Andrews, Jessica        | Chase, Mark       |
| Cravath, Sherry         | Del Gatto, Gladys |
| Esselman, Louise        | Gennaro, Kenneth  |
| George, Habib           | Greene, Jeffrey   |
| Jaimes-Esparda, Enrique | Hitzeman, Donna   |
| Keithly, Linda          | Monahan, Patrick  |
| Muller, Christine       | Navariz, Lori     |
| Nguyen, Kevin           | Rendon, John      |
| Ross, Michael           | Shamoun, Sami     |
| Soriano, Sharie         | Sottero, Cynthia  |
| Tinderjolt, Eric        | VanLoon, Arthur   |
| Walker, David           | Wu, James         |

Manager Podesto presented to the Commission for its consideration of the applications for Tribal-State Compact Key Employee Finding of Suitability, Consent Calendar Items a, b, c, d, and e. Upon motion of Commissioner Sasaki, seconded by Commissioner Smith and unanimously carried with Commissioners Palmer, Sasaki and Smith voting yes, the Commission approved the application for Tribal-State Compact Key Employee Finding of Suitability, Consent Calendar Items a, b, c, d, and e.

#### PUBLIC COMMENT

John Sustaita, Gambling Consultant, commented on the value of maintaining open communications with members of the Gaming Policy Advisory Committee, and also requested that the Commission consider holding a public meeting for discussion concerning the criteria to be included in the contracts for Third Party Proposition Player Providers.

Harlan Goodson, Director, Division of Gambling Control, in response to Mr. Sustaita's request, summarized the roles and responsibility of the Division of Gambling Control in relation to contracts for Third Party Proposition Player Providers under the Gambling Control Act.

#### CLOSED SESSION

Commissioner Smith announced that the Commission would be going into closed session. At 2:55 p.m. the Commission adjourned to closed session after Commission

Counsel stated that discussions concerning litigation would take place under Government Code Section 11126(e).  
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#### RECONVENE OPEN SESSION

Commissioner Smith reconvened the open session at 3:03 p.m., and indicated that there were no announcements from closed session. Upon a motion to adjourn the meeting by Commissioner Sasaki, seconded by Commissioner Palmer and unanimously carried with Commissioners Palmer, Sasaki, and Smith voting yes, the meeting was adjourned at 3:04 p.m.