

California Gambling Control Commission
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**MINUTES OF MAY 23, 2013
COMMISSION MEETING**

OPEN SESSION

1. Call to Order and Pledge of Allegiance.

Chairman Lopes 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 Richard Lopes and Commissioners Tiffany Conklin, Lauren Hammond and Richard Schuetz present.

3. Approval of Commission Meeting Minutes for:
 - A. April 26, 2013
 - B. April 30, 2013 – May 2, 2013 – Hearing

Action:

Upon motion of Commissioner Conklin, seconded by Commissioner Hammond and unanimously carried in a vote by roll call with Chairman Lopes and Commissioners Conklin, Hammond and Schuetz voting yes, the Commission approved the April 26, 2013 Commission Meeting minutes and the April 30, 2013 through May 2, 2013 Hearing minutes.

By concurrence of the Commissioners, the following agenda items were considered simultaneously:

Agenda Items 4A and 4C – Purchase Agreement for Lucky Derby Casino and Phoenix Casino and Lounge, and;

Agenda Items 4B and 4D – Temporary State Gambling License for Lucky Derby Casino and Phoenix Casino and Lounge

4. Request for Approval of A & C) Purchase Agreement (Pursuant to Business and Professions Code sections 19892 and 19904; and, B & D) Applications for Approval of Temporary State Gambling License (Pursuant to Business and Professions Code subdivisions 19824 (c) & (f)):
 - A. Lucky Derby Casino: Point Walker, Inc. (Seller)
Kermit Schayltz, President

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Leo Chu, Vice President, Chief Financial
Officer and Secretary
Sandra Schayltz, Community Property Interest
Holder
Ivy Chu, Community Property Interest Holder
Kings Casino, LLC (Buyer)
Ryan Stone, Member
Masis Kevorkian, Member
Kermit Schayltz, Member
Robert Lytle, Member

Comments Received From:

Stacey Luna-Baxter, Bureau of Gaming Control
Julie Theiss, via telephone
Robert Lytle
Jack Cunningham
Kermit Schayltz
Jarhett Blonien
James Parker, Bureau of Gambling Control
Ryan Stone

Action:

Upon motion of Commissioner Conklin, seconded by Commissioner Schuetz and unanimously carried in a vote by roll call with Chairman Lopes and Commissioners Conklin, Hammond and Schuetz voting yes, the Commission approved the Purchase Agreements to enable King's Casino, LLC to purchase Lucky Derby Casino and Phoenix Casino and Lounge with the condition noted below:

Parties will amend Schedule 2, and any other provisions, of the Asset Purchase Agreement (Agreement) as required to comply with Gambling Control Act Section 19906. The amended Agreement will be submitted to the Bureau of Gambling Control and the California Gambling Control Commission and will only be effective upon approval by the Executive Director.

B. Lucky Derby Casino:

Kings Casino, LLC
Ryan Stone, Member
Masis Kevorkian, Member
Kermit Schayltz, Member
Robert Lytle, Member

Action:

Upon motion of Commissioner Hammond, seconded by Commissioner Schuetz and unanimously carried in a vote by roll call with Chairman Lopes and Commissioners Conklin, Hammond and Schuetz voting yes, the Commission approved the temporary state gambling license applications for King's Casino, LLC dba Lucky Derby Casino and Phoenix Casino and Lounge, and its members Ryan Stone, Masis Kevorkian, Kermit Schayltz, and Robert Lytle valid May 9, 2013 through April 30, 2014, with conditions noted below:

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1. *Provide proof of the close of escrow within ten (10) days of escrow closing.*
2. *Within ten (10) days of escrow closing, Kermit Schayltz must submit proof the outstanding back rent payment has been made from Point Walker, Inc., to 7433 Greenback Lane, LLC, to the Bureau of Gambling Control.*
3. *Within 60 days of Commission approval, provide a copy of the following to the Bureau of Gambling Control:
Fictitious Name Statement;
Business License;
Chips in Use Account;
Chart of Accounts; and
Lease*
4. *The temporary initial license takes effect on the date that the Commission approves the request and expires April 30, 2014. If more time is needed to complete the background process, then the temporary state gambling license can be extended for an appropriate amount of time after consultation with the Bureau.*
5. *Issuance of a temporary license does not obligate the Commission to grant a permanent license. Issuance of a temporary license does not create a vested right in the holder to either extension of the temporary license or to a regular license.*
6. *Issuance of this temporary license does not in any way change the legal requirement that the applicant bears the burden of establishing that he/she is suitable pursuant to Business and Professions (B&P) Code section 19856(a) for a regular license.*
7. *Issuance of this temporary license does not change the license qualification requirements of the Gambling Control Act, including but not limited to B&P Code sections 19856, 19857, 19858, and 19859.*
8. *The applicant has pending applications for regular state gambling licenses. A regular license may or may not be issued, depending upon the results of the complete background investigation and upon the conduct of the applicant and its employees during the term of the temporary license.*
9. *If, during the term of the temporary license, the Executive Director determines that any particular applicant is disqualified for any of the reasons set forth in B&P Code section 19859, the Executive Director shall prepare an order to show cause why that applicant's temporary license should not be cancelled, which shall be considered at the first available noticed Commission meeting. The applicant may address the Commission by way of an oral statement at the noticed Commission meeting and/or may submit documents in support of the temporary licensure not less than five days prior to the meeting. The applicant may request an*

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evidentiary hearing either in writing not less than five days prior to the meeting or at the meeting itself.

10. *If, during the term of the temporary license, the Executive Director determines that any particular applicant may have violated one or more of the conditions under which the temporary license was issued, the Executive Director shall prepare an order to show cause why that applicant's temporary license should not be cancelled, which shall be considered at the first available noticed Commission meeting. The applicant may address the Commission by way of an oral statement at the noticed Commission meeting and/or may submit documents in support of the temporary licensure not less than five days prior to the meeting. Either in writing not less than five days prior to the meeting or at the meeting itself, the applicant may request an evidentiary hearing.*

The following condition was placed only on the temporary license endorsement for Lucky Derby issued to Mr. Kermit Schayltz.

11. *The terms and conditions of the First Amended Stipulated Settlement and Disciplinary Order, dated March 7, 2013 remain applicable to Mr. Kermit Schayltz. Specifically, these include the terms specified in Paragraphs 1 and 2 of the Disciplinary Order as made applicable to a transfer or sale by Paragraph 6; in addition to the provisions of Paragraph 8 in the event of a violation of the provisions of Paragraph 2 before the expiration of the one year probationary period.*

- C. Phoenix Casino and Lounge: Phoenix Casino and Lounge, Inc. (Seller)
Jack Cunningham, President, Treasurer,
Secretary, Shareholder
- Kings Casino, LLC (Buyer)
Ryan Stone, Member
Masis Kevorkian, Member
Kermit Schayltz, Member
Robert Lytle, Member

Previously Considered with Agenda Item 4A

- D. Phoenix Casino and Lounge: Kings Casino, LLC
Ryan Stone, Member
Masis Kevorkian, Member
Kermit Schayltz, Member
Robert Lytle, Member

Previously Considered with Agenda Item 4B

5. Applications for Approval of Renewal of State Gambling Licenses (Pursuant to Business and Professions Code section 19876; CCR, Title 4 section 12345):
- A. Old Cayucos Tavern: Old Cayucos Tavern, Inc.
Andrea Pulaski, Shareholder

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Action:

Upon motion of Chairman Lopes, seconded by Commissioner Schuetz and unanimously carried in a vote by roll call with Chairman Lopes and Commissioners Conklin, Hammond and Schuetz voting yes, the Commission approved the renewal state gambling license application for Old Cayucos Tavern valid June 1, 2013 through May 31, 2015 with the existing condition noted below:

This license is conditioned upon the local gambling ordinance coming into compliance with the Gambling Control Act (Business and Professions Code section 19860(a)(1) within 12 months of issuance/renewal.

B. Tommy's Casino and Saloon: Tommie Wayne Buck, Inc.
Tommie Wayne Buck, President, Secretary,
Treasurer, Shareholder
Alicia Gomez Buck, Community Property
Interest Holder

Comments Received From:

Sara Campbell, via telephone
Stacey Luna-Baxter, Bureau of Gambling Control
Jarhett Blonien

Action:

Upon motion of Commissioner Conklin, seconded by Commissioner Hammond and unanimously carried in a vote by roll call with Chairman Lopes and Commissioners Conklin, Hammond and Schuetz voting yes, the Commission approved the renewal state gambling license application for Tommy's Casino and Lounge valid June 1, 2013 through May 31, 2015 with the condition noted below:

The Bureau of Gambling Control is to be notified as to the outcome of the outstanding litigation on the Worker's Compensation issue.

6. Applications for Approval of Initial Key Employee Portable Personal Licenses (Pursuant to Business and Professions Code section 19854; CCR Title 4, section 12350):

A. Phillip Argol

Action:

Upon motion of Commissioner Conklin, seconded by Commissioner Hammond and unanimously carried in a vote by roll call with Chairman Lopes and Commissioners Conklin, Hammond and Schuetz voting yes, the Commission approved the initial key employee license application valid through April 30, 2014.

B. Joseph Beltran

Comments Received From:

Joseph Beltran
James Parker, Bureau of Gambling Control

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Action:

Upon motion of Commissioner Schuetz, seconded by Commissioner Conklin and unanimously carried in a vote by roll call with Chairman Lopes and Commissioners Conklin, Hammond and Schuetz voting yes, the Commission referred the initial key employee license application to an Evidentiary Hearing.

C. Jacob Crawford

Comments Received From:

Audra Opdyke, Bureau of Gambling Control
Jacob Crawford

Motion:

Upon motion of Commissioner Hammond, seconded by Commissioner Conklin and carried in a vote by roll call with Chairman Lopes and Commissioners Conklin and Hammond voting yes, and Commissioner Schuetz voting no, the Commission approved the initial key employee license application valid through May 31, 2015.

D. Russell Duarte

Action:

Upon motion of Commissioner Hammond, seconded by Commissioner Conklin and unanimously carried in a vote by roll call with Chairman Lopes and Commissioners Conklin, Hammond and Schuetz voting yes, the Commission approved the initial key employee license application valid through April 30, 2014.

E. Adam Sanchez

With concurrence of the Commissioners, this item was continued to a future Commission Meeting to enable Mr. Sanchez to attend in person or telephonically.

7. Applications for Approval of Renewal Key Employee Portable Personal License (Pursuant to Business and Professions Code section 19854; CCR Title 4, section 12351):

A. David Edwards

Comments Received From:

David Edwards, via telephone

Action:

Upon motion of Chairman Lopes, seconded by Commissioner Hammond and unanimously carried in a vote by roll call with Chairman Lopes and Commissioners Conklin, Hammond and Schuetz voting yes, the Commission approved the renewal key employee license application for the licensure period of June 1, 2013 through May 31, 2015.

B. Darren Furtado

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Comments Received From:

Jarhett Blonien
James Parker, Bureau of Gambling Control
Audra Opdyke, Bureau of Gambling Control

Action:

Upon motion of Commissioner Schuetz, seconded by Commissioner Conklin and unanimously carried in a vote by roll call with Chairman Lopes and Commissioners Conklin, Hammond and Schuetz voting yes, the Commission referred the renewal key employee license application to an Evidentiary Hearing.

8. Application for Approval of Initial Work Permit (Pursuant to Business and Professions Code section 19912):

Empire Sportsman's Association: Cheng Xiong

Comments Received From:

Cheng Xiong
Yar Yang

Action:

Upon motion of Commissioner Schuetz, seconded by Chairman Lopes and carried in a vote by roll call with Chairman Lopes and Commissioners Conklin and Schuetz voting yes, and Commissioner Hammond abstaining, the Commission approved the initial key employee application through February 28, 2014.

9. Application for Approval of Conversion of Third-Party Providers of Proposition Player Services /Gambling Business Supervisor/Player Registrations to Licenses (Pursuant to Business and Professions Code section 19984; CCR, Title 4, sections 12218 and 12233):

PT Gaming, LLC:
Supervisor: Michael Ostrom

Action:

Upon motion of Chairman Lopes, seconded by Commissioner Conklin and unanimously carried in a vote by roll call with Chairman Lopes and Commissioners Conklin, Hammond and Schuetz voting yes, the Commission approved the conversion application through May 31, 2015.

10. Applications for Approval of Renewal of Third Party Providers of Proposition Player Services/Gambling Business Supervisor/Player Licenses (Pursuant to Business and Professions Code section 19984; CCR, Title 4, sections 12218.8 and 12238):

PT Gaming, LLC:
Supervisor: Laura Goolsby

Comments Received From:

Laura Goolsby, via telephone

Action:

Upon motion of Chairman Lopes, seconded by Commissioner Conklin and unanimously carried in a vote by roll call with Chairman Lopes and Commissioners Conklin, Hammond and Schuetz voting yes, the Commission approved the renewal third party proposition player license application for the period of June 1, 2013 through May 31, 2015, amending the existing condition noted below:

“Beginning July 1, ~~2014~~ 2013, and every ~~180~~ 90 days thereafter, Ms. Goolsby must submit to the ~~Commission~~ Bureau a written update concerning the issue of the outstanding delinquent credit accounts currently in collections.”

Player: Remar Jonah Moscardon

Action:

Upon motion of Commissioner Conklin, seconded by Chairman Lopes and unanimously carried in a vote by roll call with Chairman Lopes and Commissioners Conklin, Hammond and Schuetz voting yes, the Commission extended the third party proposition player license through June 30, 2013.

CONSENT CALENDAR ITEMS:

11. Request for Approval of Additional Permanent Authorized Tables (Pursuant to Business and Professions Code section 19841(p); CCR Title 4, section 12359):
Club One Casino: Club One Acquisition Corporation
12. Applications for Approval of Initial Work Permit (Pursuant to Business and Professions Code section 19912):
 - A. Central Coast Casino (GB): Bryan Kahaunu
 - B. Empire Sportsmen’s Association: Lana Cofer Navy Has
Keovanny Tith
 - C. Merced Poker Room: Khonglai Yang
 - D. Napa Valley Casino: Alberto Doble Narin Phorth
Efigenio Santos
 - E. The Deuce Lounge & Casino: Kao Saeteurn
13. Application for Approval of Renewal of Third Party Providers of Proposition Player Services/Gambling Business Supervisor/Player Licenses (Pursuant to Business and Professions Code section 19984; CCR, Title 4, sections 12218.8 and 12238):
CB Certified Banker, Inc.:
Player: Thang Pho
14. Applications for Approval of Initial Tribal-State Compact Key Employee Findings of Suitability (Pursuant to the Tribal-State Gaming Compact, section 6.4.4):
 - A. Agua Caliente Casino Resort Spa – Agua Caliente Band of Cahuilla Indians:
Jennifer Cervantes

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- B. Barona Resort and Casino – Barona Band of Mission Indians:
 - Jason Calvin Gail Mello Onofrio Papasodero
 - Francisco Sarabia Carmen Vicaldo
- C. Bear River Casino – Bear River Band of the Rohnerville Rancheria:
 - Amanda Castillo Trevor Sundquist
- D. Black Oak Casino – Tuolumne Band of Me-Wuk Indians of the Tuolumne Rancheria:
 - Ashlee Decota
- E. Cache Creek Casino Resort – Yocha Dehe Wintun Nation:
 - Robert Briggson
- F. Cahuilla Casino – Cahuilla Band of Mission Indians of the Cahuilla Reservation:
 - Ruben Negrete Jr. Jessica Parkin
- G. Chukchansi Gold Resort and Casino – Picayune Rancheria of the Chukchansi Indians of California:
 - Paul Cornish Jerry Sanchez
- H. Coyote Valley Casino – Coyote Valley Band of Pomo Indians of California:
 - Celerina Lugo
- I. Eagle Mountain Casino – Tule River Indian Tribe of the Tule River Reservation:
 - Mark Dumbeck
- J. Fantasy Springs Resort Casino – Cabazon Band of Mission Indians:
 - Crestina Lopez Richard Nelson II Gilbert Saenz
- K. Feather Falls Casino & Lodge – Mooretown Rancheria of Maidu Indians:
 - John Pyeatt
- L. Harrah's Rincon Casino & Resort – Rincon Band of Luiseno Indians:
 - Jeffrey Hornung Charles Williams
- M. Jackson Rancheria Casino & Hotel – Jackson Rancheria Band of Miwuk Indians:
 - Linae Anguzza
- N. Konocti Vista Casino – Big Valley Band of Pomo Indians of the Big Valley Rancheria:
 - Karen Eaton
- O. Morongo Casino Resort & Spa – Morongo Band of Cahuilla Indians of the Morongo Reservation:
 - Andrew Lester
- P. Paiute Palace Casino – Bishop Paiute Tribe:
 - Dexter Tsinnijinnie
- Q. Pala Casino Spa Resort – Pala Band of Mission Indians:
 - Jason Huang
- R. Pechanga Resort & Casino – Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation:
 - Kathleen Di Pasquale Le Vans Estrada Jalila Oung
 - Howard Teplitzky
- S. Red Hawk Casino – Shingle Springs Band of Miwok Indians:
 - Michael Albert Terry Bolar Susan Yashenko
- T. River Rock Casino – Dry Creek Rancheria Band of Pomo Indians:
 - Jerry Arretche
- U. Running Creek Casino – Habematolel Pomo of Upper Lake
 - Kenneth Crawford Beniakem Cromwell Eugenio Ortega

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- V. Soboba Casino – Soboba Band of Luiseno Indians:
Bryan Campbell Kelly Harless
- W. Spotlight 29 Casino – Twenty-Nine Palms Band of Mission Indians:
Jesus Garcia Jr.
- X. Sycuan Casino & Resort – Sycuan Band of the Kumeyaay Nation:
Fong Lam Rheanne Robles
- Y. Thunder Valley Casino Resort – United Auburn Indian Community of the Auburn Rancheria:
Christopher Muro Pa Yang
- Z. Twin Pine Casino & Hotel – Middletown Rancheria Band of Pomo Indians:
Karen McDonald
- AA. Valley View Casino & Hotel – San Pasqual Band of Diegueno Mission Indians:
Stephanie Phelps

15. Applications for Approval of Renewal Tribal-State Compact Key Employee Findings of Suitability (Pursuant to the Tribal-State Gaming Compact, section 6.4.4):

- A. Agua Caliente Casino Resort Spa – Agua Caliente Band of Cahuilla Indians:
Candice Gilmore Jose Montano Cierra Teel
- B. Bear River Casino – Bear River Band of the Rohnerville Rancheria:
Andrea Weber-Piazza
- C. Cache Creek Casino Resort – Yocha Dehe Wintun Nation:
Vanthan Khiev Francis Moore Jr. John Pulaski
Steven Watkins
- D. Chukchansi Gold Resort and Casino – Picayune Rancheria of the Chukchansi Indians of California:
Carter Kinsman
- E. Chumash Casino Resort – Santa Ynez Band of Chumash Mission Indians of the Santa Ynez Reservation:
Kelly Barretto Nancy Garcellano Janet Johnson
Misty Powers
- F. Feather Falls Casino & Lodge – Mooretown Rancheria of Maidu Indians:
Lo Ching Saechao
- G. Jackson Rancheria Casino & Hotel – Jackson Rancheria Band of Miwok Indians:
William Mehrer James Pharris Christina Rullhausen
Jeremiah Truelock
- H. Lucky 7 Casino – Smith River Reservation:
Roberto Orozco-Zepeda
- I. Mono Wind Casino – Big Sandy Rancheria of Western Mono Indians of California:
Krystle Hare Victoria Johnson David Reynolds
- J. Pala Casino Spa Resort – Pala Band of Mission Indians:
Charles Kettering
- K. Red Hawk Casino – Shingle Springs Band of Miwok Indians:
Michael Lee
- L. Soboba Casino – Soboba Band of Luiseno Indians:
Marguerite McPherson
- M. Sycuan Casino & Resort – Sycuan Band of the Kumeyaay Nation:
Juan Baca Paul Chant Qi Chen
Rene DeCampo Jonathan Francis Tammi Hays

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Charmaine Johnson Aarie Ostern Elthon Stenbert Jr.
Daniel Tse

N. Tachi Palace Hotel and Casino – Santa Rosa Indian Community of the Santa Rosa Rancheria:

Harvey Davis Leeandra Dupree David Hunt II

O. Win-River Casino – Redding Rancheria:

Jeffrey Fish Jonathan Horn-Riggins Debra Mayle
Anthony Semore

Action:

Upon motion of Commissioner Conklin, seconded by Commissioner Schuetz and unanimously carried in a vote by roll call with Chairman Lopes and Commissioners Conklin, Hammond and Schuetz voting yes, the Commission approved Consent Calendar items 11 through 15.

PUBLIC COMMENT:

Jarhett Blonien

Chairman Lopes publicly thanked Audra Opdyke for her tenure with the Bureau of Gambling Control.

Audra Opdyke

Kermit Schayltz

CLOSED SESSION Convened at 11:55 AM

1. Litigation: (Government Code section 11126(e)):
 - A. *California Valley Miwok Tribe v. The California Gambling Control Commission*; San Diego County Superior Court (37-2008-00075326-CU-CO-CTL).
 - B. *John Chiang, California State Controller, and California Gambling Control Commission v. Candace Cates*, Court of Appeal of the State of California, Fourth Appellate District, Division One (D060570)
 - C. *Pauma Band of Luiseno Mission Indians v. Gambling Control Commission; and Arnold Schwarzenegger*, U.S. Dist Court S. D. California (09 CV01955 LAB AJB)
 - D. *Timothy Eugene Stroud v. California Gambling Control Commission*, Sacramento County Superior Court (34-2010-080000614)
 - E. *San Pasqual Band of Mission Indians v. State of California, et al.*, Los Angeles County Superior Court (BC431469)
 - F. *Bingo Innovations of California, Inc. v. California Gambling Control Commission*, Sacramento County Superior Court (34-2012-80001139)
 - G. *Richard Jonathan Scott v. California Gambling Control Commission*, Sacramento County Superior Court (34-2012-80001292)
 - H. *Yavapai Apache Nation v. Iipay Nation of Santa Ysabel, the State of California, and the California Gambling Control Commission*, Sacramento County Superior Court (34-2012-001199727)
2. Hearing Deliberations Pursuant to Government Code Section 11126(c)(3):
IN THE MATTER OF THE APPLICATION FOR APPROVAL OF
CONVERSION OF THIRD-PARTY PROVIDER OF PROPOSITION PLAYER

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SERVICES/GAMBLING BUSINESS SUPERVISOR REGISTRATION TO
LICENSE FOR SAMNANG PHOUNG, CGCC CASE NO. 2012-0702

RECONVENED TO OPEN SESSION at 12:25 PM

Chairman Lopes stated that in Closed Session Commissioners gave Counsel direction regarding Closed Session Item 2.

ADJOURNMENT:

Chairman Lopes adjourned the Commission Meeting at 12:26 PM.